The Global Newspaper
Edited and Published in Paris
Printed simultaneously in Paris, London, Zurich, Hong Kong, Singapore, The Hague, Marseille, Miami.

# International Herald Tribune

Published With The New York Times and The Washington Post

No. 32,176 32/86 PARIS, MONDAY, AUGUST 4, 1986 ESTABLISHED 1887

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# Reagan Sees His Chance on Arms Control

## *Aides Report He Is Prepared to Negotiate Limitations on Defensive Weapons*

By Lou Cannon and Walter Pincus
*Washington Post Service*

WASHINGTON — President Ronald Reagan, after five and a half years of maneuvering and indecision, is prepared to seek a substantial nuclear arms control agreement that includes limitations on new defensive weapons, according to administration aides and congressional supporters.

Mr. Reagan incorporated this attitude in his recent letter to the Soviet leader, Mikhail S. Gorbachev, in which he offered to bargain *on offensive and defensive* weapons.

Officials around the president, both those who have traditionally favored active pursuit of arms control and others who have generally opposed it, are speaking in new vocabularies that reflect the president's recent change of tactics.

"There is a sense of legacy about Reagan," said a White House official who thinks that the president is now determined to reach an agreement with the Russians. "He sees this as the opportunity of a generation."

NEWS ANALYSIS

The sense that this is Mr. Reagan's moment recurs in conversations with senior officials. The president, it is said, sees this summer's exchanges with Mr. Gorbachev as his first real chance for a significant agreement.

But officials also said that the moment would inevitably be brief, that Mr. Reagan probably would not get a second chance and that his successor would probably have to start from scratch to accumulate necessary credibility at home and in Moscow to strike a deal.

*Administration officials and* their supporters in Congress agree that the benefits of a substantial accord would be obvious: increased geopolitical stability, reduced military expenditures on both sides and a chance to redirect resources in more useful directions.

According to several Republican politicians on Capitol Hill, the potential consequences of failure for Mr. Reagan are significant.

- He could leave office, they said, having destroyed a bipartisan arms control effort that has given some order to the superpower competition since 1963.
- He would have spent more than a trillion dollars on a military buildup that he had promised would bring Moscow to the bargaining table but that, without an agreement, might only result in undermining political support in the United States for military spending.
- Congressional leaders now say flatly that none of Mr. Reagan's spending initiatives on strategic weapons, including his Strategic Defense Initiative, will survive if he is seen as the cause of a breakdown in arms control negotiations.

The president's critics have argued that Mr. Reagan's policies will inevitably lead to failure. Senator Gary Hart, Democrat of Colorado, said recently, "There will not be a treaty while Ronald Reagan is in office."

Mr. Reagan has said privately that his critics underestimate his skill as a negotiator and his determination to achieve an arms control accord.

But the president's famous optimism is tempered by a belief, expressed at the White House and by Republican leaders in Congress, that the opportunity may vanish unless there is productive bargaining next month when Secretary of State George P. Shultz and Foreign Minister Eduard A. Shevardnadze of the Soviet Union meet in New York and the negotiators return to Geneva.

Progress in those two forums can set the stage for an agreement, at least on general principles, at a second Reagan-Gorbachev summit late this year.

Senator Ted Stevens, Republican of Alaska and chairman of the bipartisan Senate observer group for U.S.-Soviet arms negotiations, said the summit had become "the critical crossroads" if there was to be an arms agreement.

White House expressions of optimism about a new U.S.-Soviet arms agreement have been common since Mr. Reagan muted his anti-Soviet rhetoric in a Jan. 17, 1984, speech inaugurating his re-election year. But this time, officials insist, the optimism is based on concrete developments.

One development is a growing conviction in the administration

See ANGOLA, Page 6

See ARMS, Page 6

The Associated Press

The Reverend Lawrence M. Jenco, center, arriving in Chicago en route to Joliet, Illinois.

# Guerrilla Suspect Arrested

## *Bonn Sought Woman After Siemens Killing*

*The Associated Press*

KARLSRUHE, West Germany — The police have arrested a suspected Red Army Faction urban guerrilla sought in connection with the murder last month of an executive of the electronics giant Siemens AG, officials said Sunday.

Eva Sibylle Haule-Frimpong, 32, was arrested Saturday as she ate ice cream in a café in Rüsselsheim, near Frankfurt, said the chief federal prosecutor's spokesman, Alexander Prechtel.

A citizen's tip led to the arrest of Ms. Haule-Frimpong, who had a loaded pistol and 80 rounds of ammunition with her, Mr. Prechtel said.

An arrest warrant for Ms. Haule-Frimpong had been outstanding for two years. But the search for her intensified in recent weeks after the July 9 killing of the Siemens research chief, Karl Heinz Beckurts, 56, and his driver, Eckhard Groppler, 42.

Their car was blown up by a roadside bomb as they drove to work in a Munich suburb. The Red Army Faction claimed responsibility for that blast.

Ms. Haule-Frimpong's name was on a list of nine persons whom the authorities said they were seeking following Mr. Beckurts's murder. But the police have not said what role she may have played, nor has a separate arrest warrant been issued for her in that crime.

None of the other eight have been apprehended.

Ms. Haule-Frimpong is thought to be one of about 20 hard-core members of the leftist Red Army Faction, which has attacked U.S. and West German industrial and military targets for the past 15 years.

Interior Minister Friedrich Zimmermann welcomed the fact that a tip-off had led to the arrest.

"This shows how important the watchfulness of the populace is in fighting terrorism," he said. No details of the tip or who gave it were released.

Ms. Haule-Frimpong's arrest warrant alleged membership in the Red Army Faction and participation in the attempted bombing of a North Atlantic Treaty Organization training school in Oberammergau on Dec. 18, 1984.

Two other persons with her in the café were also arrested. They were identified as Luitgard Hornstein, 23, and Christian Kluth, 27.

They had not been sought as members of the Red Army Faction, but the police alleged that Ms. Hornstein was among stone-throwing demonstrators who attacked the car of the U.S. vice president, George Bush, in Krefeld, West Germany, in June 1983. Mr. Bush was not injured.

Ms. Hornstein had false identification papers and Mr. Kluth had

See FACTION, Page 6

# *In Angola, a Paradox: U.S. Oil Industry Grows*

By David B. Ottaway and Patrick E. Tyler
*Washington Post Service*

LUANDA, Angola — Lavish parties are rare events here, but the U.S. oil company Conoco decided to celebrate its arrival in this country on June 28 in style.

It took over the newly renovated Panorama Hotel on an island across the bay, hired two African bands, invited 400 of the capital's political and social elite and staged an all-night bash. Almost the entire government showed up.

In this manner did Conoco, a subsidiary of Du Pont based in Wilmington, Delaware, "take the dive," as its resident manager, Jack Blackshear, put it, into the uncertain political and economic waters of Angola with a $60-million commitment to explore for offshore oil.

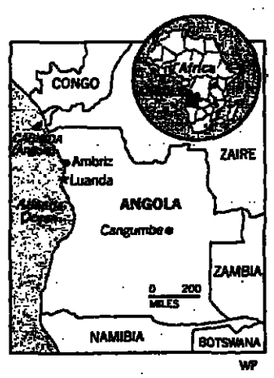
Increasingly, American companies are ignoring the public admonitions of the Reagan administration "to think about U.S. national interests" before coming here. They are going forward, too, despite threats from the U.S.-backed guerrilla leader, Jonas Savimbi, who has already attacked Chevron's Angolan installations.

One of the continuing paradoxes of this African bush war is the United States' conflicting political and economic investment. While the Reagan administration is supporting Mr. Savimbi's guerrilla struggle by sending him advanced U.S. weapons and other covert aid, American oil companies are squarely on the other side of the struggle.

They are pumping the bulk of the oil — 285,000 to 300,000 barrels a day — that provides the central government with 90 percent of its foreign exchange and with the wherewithal to stay in power and pursue its attempt to crush Mr. Savimbi's National Union for the Total Independence of Angola, or UNITA.

This glaring contradiction in U.S. interests in Angola has not gone unnoticed by Mr. Savimbi or his conservative backers in the United States, who have started a campaign against Chevron and its Gulf Oil unit by pressing the Reagan administration to forbid U.S. operations here.

Even as Conoco was busy setting up shop this summer in the coastal village of Ambriz, 60 miles (100 kilometers) to the north, Mr. Savimbi was spelling out in an interview far to the south his restrictive terms for a live-and-let-live relationship with American oil companies.




WP

"If they are making business as usual, we can't interfere," he said. "The French are making business, but they are keeping up their contacts with us. So we cannot say that we are going to attack the French interests, if they don't make politics."

But Mr. Savimbi had only belligerent words and sharp warnings for Angola's biggest producer here, Chevron, the second largest U.S. oil company, which he accused of lobbying against UNITA in the United States and of refusing to make contact with him.

Mr. Savimbi acknowledged that

See ANGOLA, Page 6

# *Islamic Jihad Denies It Sent Messages, Threatens Lives of Hostages in Beirut*

*Reuters*

BEIRUT — The pro-Iranian radical group Islamic Jihad, which freed an American hostage July 26, has denied in a statement that it sent messages through him to Pope John Paul II, the archbishop of Canterbury and President Ronald Reagan.

In the statement, delivered to the Beirut newspaper Al Nahar late Saturday, Islamic Jihad also threatened to kill other hostages unless its demands were met. The demands include the release of Shiite Moslems held in Kuwait in connection with bomb attacks.

The statement was accompanied by a photograph of David P. Jacobsen, the director of the American University Hospital in Beirut, who was kidnapped in May 1985.

The Reverend Lawrence M. Jenco, 51, a Roman Catholic priest, returned Friday to the United States after stops in West Germany, Italy and Britain. He delivered messages that he said were from his captors to the pope, to Robert Runcie, the archbishop of Canterbury, and to Mr. Reagan.

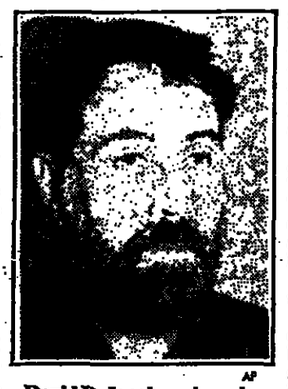
The statement published in al-Nahar on Sunday said that, "We gave Father Jenco no messages to deliver to anybody, neither secretly nor openly."

It said Father Jenco had been set free on humanitarian grounds and as a goodwill gesture and "a last warning to the American government."

Referring to Mr. Reagan and the U.S. government, the statement said: "We have announced and repeat that we are in constant and *continuing hostility with the biggest devil* and have no contacts with them, even by correspondence."

It accused the U.S. Central Intelligence Agency of being behind the reported messages and said the CIA had forced Father Jenco to "fabricate lies."

The statement added: "Concerning what the biggest devil believes regarding a solution for this problem through prayer, we advise them to start praying for their souls and those of the American bodies which will start arriving at the Black House unless our demands are met."



AP

David P. Jacobsen in a photo released Saturday.

Father Jenco shared a cell with other American hostages, including The Associated Press bureau chief, Terry A. Anderson, and the American University of Beirut dean of agriculture, Thomas M. Sutherland, as well as Mr. Jacobsen.

Islamic Jihad claims also to hold three French hostages.

On Saturday, meanwhile, a driver threw sticks of dynamite near a bakery in a suburb of East Beirut, setting several cars on fire but causing no casualties, security sources said. It was the fourth explosion in Beirut in six days.

■ **A Welcome Home in Illinois**

Holding flags and signs reading "Welcome home Father Martin," the people of Joliet, Illinois, welcomed home Father Jenco on Saturday, seven days after Moslem extremists in Lebanon released him, The New York Times reported.

Father Jenco arrived Saturday afternoon at the Midway Airport in Chicago, then was taken in a motorcade to Joliet to meet with members of his family at a restaurant.

He arrived in Joliet to cheers of hundreds of people, salutes from the fire and police departments and a sea of balloons.

# 45% of Whites Oppose Apartheid, Poll Reflects

By Adam Clymer
*New York Times Service*

NEW YORK — South African whites are increasingly unhappy with the apartheid system and a majority want Nelson Mandela, the nationalist leader, freed from prison, according to a new public opinion poll.

The survey, conducted last month by the polling organization Market & Opinion Research International for The Sunday Times of London, said that 45 percent of whites said they were unhappy with apartheid, up from 33 percent in a poll the company conducted last August.

Conflicting reports are given of the British view on Pretoria's intentions on apartheid. Page 6.

Fifty-six percent said Mr. Mandela should be freed, compared with 40 percent last August. The 1985 survey was conducted under a limited state of emergency; before the latest poll, emergency regulations had been extended nationwide.

Robert M. Worcester, chairman of the polling organization, said that comparing current results among whites with the figures from last August showed clearly that "white attitudes are moving."

The survey, one of the first to seek the opinions of rural blacks in South Africa, found blacks to be marginally opposed to foreign economic sanctions, with 29 percent in favor, 32 percent opposed, and 39 percent with no opinion. Among whites, 5 percent favored sanctions and 92 percent opposed them.

The poll was conducted July 18-27 and involved 500 telephone interviews with whites and 615 in-person interviews with blacks.

Interviews were conducted in all parts of South Africa, including the so-called homelands and self-governing states, except for the Transkei, where polling results were seized by the police, The Sunday Times said. Results were then weighted to the latest population estimates.

The margin of sampling error for whites was plus or minus 4 percentage points, and for blacks it was plus or minus 6 percentage points.

The poll, published Sunday, indicated that 72 percent of whites, up from 63 percent last year, say they expect the apartheid system not to exist in 10 years' time. Fifty-nine percent of blacks agreed.

As to what might follow, 42 percent of blacks and 32 percent of whites said they expected a civil war. The white figure showed no significant change from last year.

However, 55 percent of whites and 50 percent of blacks said that they expected South Africa's problems to be resolved peacefully.

Twelve percent of whites said they were at least *fairly likely* to emigrate from South Africa within 10 years, and 19 percent of blacks said that under a black regime all whites should be required to leave. But 78 percent of blacks said whites should be permitted to stay.

Thirty percent of whites said they would accept a one-man, one-vote system, while 53 percent said there would have to be special voting privileges for whites. Among blacks, 55 percent said they wanted one man, one vote, 1 percent favored special privileges for whites and 44 percent had no opinion.

The question about Mr. Mandela showed that most of the whites backing his release were willing to have him freed only *if he* renounced violence.

That group, which is believed to include some high government officials, totaled 44 percent of whites, compared with 37 percent last year. The group favoring his unconditional release doubled, to 12 percent from 6 percent, and the those who opposed his release under any conditions dropped from 57 to 40 percent.

Among blacks, 75 percent said he should be released unconditionally, 7 percent said he should be released only if he renounced violence.

See SOUTH AFRICA, Page 6

## INSIDE

The Associated Press

Vice President George Bush posed Sunday in El Gorah, Egypt, with U.S. soldiers of the multinational peacekeeping force in Sinai. He came there from Aqaba, where he and Jordanian officials issued differing evaluations of the prospects for Middle East peace. Page 2.

GENERAL NEWS

■ Some AIDS patients have been found to carry a hitherto unknown virus, according to a U.S. researcher. Page 3.

■ Americans are responding with hay, money and volunteer help in the drought in the South. Page 2.

■ A small Japanese island has shown its displeasure with Tokyo and the U.S. Navy. Page 2.

■ Roy M. Cohn, chief counsel to Senator Joseph R. McCarthy's anti-Communist committee, has died. Page 3.

BUSINESS/FINANCE

■ The Deutsche mark will continue to appreciate unless Bonn eases credit, a U.S. official warned. Page 7.

■ The "pasta war" remained unresolved as talks ended between U.S. and European officials. Page 7.

# Rehnquist Approval Appears Likely

## *Hearing Answers Few Questions on Chief Justice Nominee*

By Al Kamen
*Washington Post Service*

WASHINGTON — William H. Rehnquist, the nominee for chief justice, emerged from his Senate confirmation hearings slightly wounded from challenges to his truthfulness, but with his approval on track barring new disclosures.

It could hardly have been otherwise, given that nearly the last 20 years of his life were sealed off from inquiry.

Justice Rehnquist, who is now an associate justice on the court, would not answer questions from the Senate Judiciary Committee about his previous judicial opinions, saying it would impinge upon judicial independence to do so.

Nor would the conservative jurist talk much about how he might handle major constitutional issues in the future.

The Reagan administration, citing executive privilege, would not let the committee see what Mr. Rehnquist did during his three years as head of the Justice Department's Office of Legal Counsel.

NEWS ANALYSIS

Virtually no questions regarding his health would be asked, despite *the fact that Mr. Rehnquist* has never said a word in public about his 1982 hospitalization and his problems withdrawing from a powerful prescription drug, which reportedly affected his mental clarity for a period.

The committee agreed such questioning would impinge on Justice Rehnquist's "privacy."

All that was left for the committee was the task of trying to grill Justice Rehnquist about events that occurred 20 and 30 years ago, such as alleged harassment of minority voters in Phoenix, Arizona, or memos he wrote as a young law clerk or racially restrictive covenants in deeds he may not have even seen, and reportedly did not sign.

The situation is not exclusive to Justice Rehnquist. Judicial nominees often leave more questions raised than resolved.

But the hearings raise questions *about what the Senate really knows* about a candidate for one of the most influential positions in government and whether it is fulfilling the role of "advice and consent" envisioned by the writers of the constitution.

The hearings, which ended Friday, often seemed more like theater than a solemn constitutional undertaking. Senators darted in and out, some hardly attending, others spending nearly as much time sparring with one another in front of *the television cameras as they did* questioning witnesses.

The so-called "cross-examination" by most committee members was more often a series of unconnected, rambling questions, followed by laconic answers from Jus-

See REHNQUIST, Page 6

WP

William H. Rehnquist

# *Under Gorbachev, a Soviet Refrain: 'No Vodka'*

By Celestine Bohlen
*Washington Post Service*

MOSCOW — "No vodka," the waitress repeated to the incredulous customer. "We have *no* vodka — haven't had for a long time."

It has been more than a year since the Soviet Union began its campaign against heavy drinking. But for the couple in the Moscow restaurant, this particular piece of news still came as a shock.

"We are used to vodka," sighed Yuri, looking at a spread of red caviar, smoked fish and summer greens. "It doesn't seem right without it."

The anti-alcohol campaign was the first major initiative of the Communist Party leader, Mikhail S. Gorbachev. To date, it has had the most impact on the daily life of the average citizen.

In the past six months, sales of alcohol dropped 35 percent, according to figures cited recently by Mr. Gorbachev. Some vodka factories, including the one in Moscow founded by the Smirnov family, have cut output for domestic consumption 40 percent. Wine and champagne output also have been reduced, although not by as much.

On Friday, liquor prices were raised for the second time in less than a year. The price increases, ranging from 20 percent to 25 percent, will add 2.30 rubles ($3.35) to the price of a pint of vodka, which will mean that the cheapest Soviet vodka, which last summer cost less than 5 rubles, will now cost 8.10 rubles. This is a significant jump in a country where the average wage is 190 rubles a month.

The most visible result has been long lines outside the remaining liquor stores. They begin forming at 2 P.M. when alcohol can legally go on sale. People bring newspapers to help kill the time: At busy periods, the line can be almost half a mile (800 meters) long and the wait as long as three hours.

This phenomenon has tested the patience of a hard-drinking people, whose annual adult per-capita consumption had reached 11 liters (almost three gallons) of hard liquor, mostly vodka. Grumbling in the lines is common, and while the campaign against drunkenness has *much support, the way it is being waged is not* altogether popular.

This surfaced last weekend when Mr. Gorbachev waded into a crowd in Vladivostok and took off-the-cuff questions. Speaking with the new frankness encouraged by the leader's style, someone voiced a complaint about the liquor lines.

Mr. Gorbachev, reputed to be a teetotaler, had little sympathy.

"Is it absolutely necessary to drink?" he asked.

"No," answered the intrepid voice, "but the point is that this could be accomplished differently."

For the past year, the "struggle against drunkenness" has been a constant topic of conversation, jokes and rumors.

For a while, people in Moscow were saying that in Leningrad, vodka was available at every corner. Following the nuclear accident at Chernobyl in the Ukraine, rumors ran strong that vodka was being sold in nearby Kiev starting at 7 A.M.

As the legal supply of hard liquor shrinks, hard-core drinkers resort to other sources. A brisk business is booming in *samogon*, or moonshine. A raid in one village found a still in almost every home. According to the newspa-

See VODKA, Page 6

# Iraq's Leader Calls for Pact, Saying Iran Cannot Win War

*Reuters*

BAGHDAD — President Saddam Hussein of Iraq has told Iranian leaders that they cannot end the Gulf war militarily and said that only a peace accord could "save what remains" after nearly six years of fighting.

In an "open letter to Iranian rulers" read by an announcer over Baghdad radio and television on Saturday, Mr. Hussein dismissed Iranian talk of a forthcoming decisive offensive.

"The year will end with your defeat," he said.

The Iranian leader, Ayatollah Ruhollah Khomeini, recently declared this year "the year of victory" for Iran.

Mr. Hussein said that Iran had launched 22 major offensives since July 1982, many of them labeled final and decisive.

"How do you think that now, with less equipment and men," he said, "you will achieve what you have failed to do during the past six years?"

He reiterated Iraq's conditions for an end to the war with Iran: withdrawal of forces to the recognized international borders; comprehensive exchange of prisoners; noninterference in each other's internal affairs and respect for each other's choice of life.

Iraq and Iran, he said, should sign a peace and nonaggression accord and "act as a positive factor in achieving peace and security in the region, particularly in the Arab Gulf region."

An Iraqi war communiqué said Saturday that shelling by Iranian artillery had killed an eight-month-old girl and wounded 26 persons, including 10 children, in the southern port city of Basra.

# To U.S. Peacekeepers in Sinai, Life Is Boredom in a Minefield

By Christopher S. Wren
*New York Times Service*

SHARM EL SHEIKH, Egypt — For Staff Sergeant William B. Davis and his squad of young American paratroopers, home for 22 days at a time is a patch of hot sand inside an uncharted minefield overlooking the Strait of Tiran.

Their 808-member battalion from the 82d Airborne Division is taking its turn serving under a protocol governing the security of the Sinai peninsula, most of which Israel returned to Egypt in 1982.

With excitement over the treaty between Egypt and Israel long faded, the tedious chore of policing the peace is left to such soldiers, who wear distinctive orange berets.

On Sunday, the U.S. vice president, George Bush, visited the headquarters of the Multinational Force and Observers, as the unit is called, near Al-Arish.

The protocol, which divided the region into four unequal vertical strips, three in Sinai and one inside Israel's frontier, restricted the size of local armed forces and ensured free passage of ships through the Strait of Tiran.

When the United Nations Security Council failed to renew the mandate of its Sinai emergency force after the peace treaty, the United States, as the treaty's guarantor, asked sympathetic countries to lend troops to the new Multinational Force and Observers.

The force, which took up its vigil in the spring of 1982, has 2,600 troops from 11 nations. They are deployed out of two bases in northern and southern Sinai. Three infantry battalions from Colombia, Fiji and the United States run the checkpoints and observation posts.

While the Colombian and Fijian troops watch the north, the American soldiers patrol a 1,500-square-mile (3,840-square-kilometer) strip of southeastern Sinai.

Ten U.S. infantry battalions have rotated through six-month assignments in one of the world's hottest, most arid regions.

The unobtrusive American presence gained attention in December after a chartered civilian jet carrying troops from the 101st Airborne Division crashed in Gander, Newfoundland, killing all 256 servicemen and crew members aboard. The Defense Department now shuttles the troops in C-141 military transport planes.

The second battalion of the 504th Airborne Infantry Regiment, which is part of the 82d Airborne, arrived in May to take over the task of reporting all movement, however innocuous. The burden of deciding whether the treaty has been violated is left to Egypt and Israel.

The assignment has been a jolt for paratroopers, trained as mobile shock troops, who now find themselves deployed in static positions and told to avoid confrontations.

"All of a sudden, you're taken from an elite combat unit and you're put in a constabulary role in the middle of the desert," said Major Thomas B. Giboney, the executive officer of the battalion task force based at Sharm el Sheikh.

Although the Americans worry about terrorism, the daily enemy is boredom in a parched and inhospitable landscape where sunstroke and scorpion bites do not make heroes.

"If you ask the troops what boredom is, you get a whole bunch of frustrations that are different forms of stress," said Captain James O. Pittman, the task force's mental health officer. "But they'll say, 'I'm bored.'"

The battalion prepared to stave this boredom off months before leaving Fort Bragg, North Carolina. Companies were honed down to the most flexible soldiers. A support system was set up for spouses left behind. The soldiers were asked to list five goals they wanted to accomplish while in Sinai. Their choices ranged from taking off-duty classes to lifting weights.

The base camp at Sharm el Sheikh, which is air conditioned, has a 24-hour gymnasium and a large library. Off-duty soldiers are sent on tours to Cairo and Jerusalem and given scuba-diving lessons among the spectacular reefs off Sharm el Sheikh.

As a result, Captain Pittman said, the battalion has 50 percent to 60 percent fewer problems with drug or alcohol abuse and other mental health problems than any unit previously based here.

For the troops, who rotate between base camp and the observation posts every 22 days, sitting under the hot sun staring through binoculars for hours at an often empty horizon still inspires ennui.

"I thought it would be fun to come and see Egypt and Israel, but six months away from the United States gets a little long," said Specialist Four Daniel D. Severson, 19, who is from Iowa. "There's no American TV or radio."

Sergeant Davis said that living in the middle of a minefield left over from past Israeli-Egyptian wars protected his squad against an attack such as the one that blew up the U.S. Marine Corps compound in Beirut in October 1983.

"If they are going to kill themselves taking us out," he said, "they don't want to blow themselves up in a minefield out here."

## Bush, Jordanian Differ on Prospects for Mideast Peace

*New York Times Service*

LUXOR, Egypt — Vice President George Bush arrived here Saturday on the third leg of his Middle East trip after disagreeing with the Jordanian prime minister about the prospects of advancing the Middle East peace process.

In Aqaba, Jordan, before leaving for Egypt, Mr. Bush said: "I hope that my visit has further strengthened our mutual understanding and trust. I sense agreement that an atmosphere exists here to advance the peace process."

In a briefing for reporters, however, the Jordanian prime minister, Zaid al-Rifai, was less optimistic.

The prime minister, citing a number of impediments, said that Jordan's major immediate objective was to help Palestinians in territories occupied by Israel.

Mr. Bush made his comments after two days of talks with King Hussein. Those talks were another subject on which Mr. Bush was in some disagreement with Mr. Rifai.

The vice president said that he and the king had discussed private information that Mr. Bush received in Israel from Prime Minister Shimon Peres. Mr. Rifai said the Peres message contained nothing new.

Mr. Bush and the Jordanians also disagreed on what the next step toward Middle East peace should be and on the importance of Mr. Peres's talks with King Hassan II of Morocco.

# WORLD BRIEFS

## 2 Injured in Attack on British Base

NICOSIA (Reuters) — Two women were slightly injured Sunday in a rocket and mortar attack on the British air base at Akrotiri on Cyprus, a British military spokesman said.

The spokesman, Gordon Birdwood, said that the rockets were fired at the windsurfing club on the base and that mortar shells had hit the living quarters where married personnel are housed. He said that "two women dependents received minor injuries and are in hospital for observation. One building was damaged."

Cypriot security officials at first reported that a grenade attack, made from a car, had taken place at the main entrance to the base. They said that a helicopter had been sent to search for a car seen speeding away from the entrance.

## Baldrige Defends Wheat-Sale Subsidy

WASHINGTON (Reuters) — Commerce Secretary Malcolm Baldrige defended Sunday a decision by President Ronald Reagan to subsidize the sale of 4.4 million tons (4 million metric tons) of wheat to the Soviet Union by saying Europe forced it on the United States.

"What we're facing is the fact that the Europeans, who have about the same percentage of that market as we do, have been and seemingly will continue to subsidize," Mr. Baldrige said on U.S. television. "We either get in there and meet that price and try to negotiate out subsidies with the Europeans or we just lose the sales for our farmers altogether."

The decision on Friday overrode objections from Secretary of State George P. Shultz and Defense Secretary Caspar W. Weinberger. Mr. Baldrige would not say whether the United States will subsidize more wheat sales, or extend the subsidies to other grains. He said private talks had been held with European representatives about controlling subsidies but declined to elaborate on them.

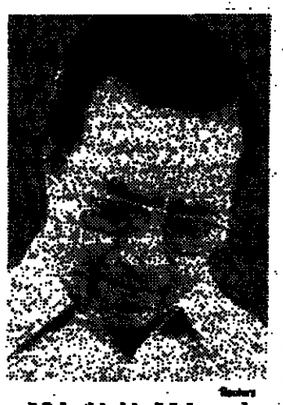
## East Germans Denounce Escape Story

BERLIN (AP) — East Germany has denounced as a lie the story of Heinz Brunn, who said he escaped to West Berlin by driving through a Berlin Wall checkpoint with three mannequins dressed as Soviet officers.

Mr. Brunn, 48, said Friday in West Berlin that he drove through the checkpoint Wednesday in a car painted to resemble a Soviet military vehicle. He said he placed the mannequins in the car and disguised himself as a Soviet soldier. Uniformed soldiers for the Allied powers governing Berlin may cross freely from sector to sector.

The East German news agency ADN, in a dispatch Saturday, described Mr. Braun's account as a "swindler's tale, fabricated from A to Z." West Berlin city officials and a spokesman for the Allied powers were unable to confirm Mr. Braun's story.

## Ruling Coalition Wins in Malaysia



Reuters

**Mahathir bin Mohamad**

KUALA LUMPUR, Malaysia (AFP) — Malaysia's National Front has won a simple majority in the expanded 177-seat lower house of Parliament and with it the right to form the next government, early electoral returns showed Monday.

With the results of 108 seats declared, Prime Minister Mahathir bin Mohamad's 13-party coalition had gained 89 seats in Parliament.

The front's nearest rival, the Chinese-based Democratic Action Party, was trailing with 14 seats while the fundamentalist Parti Islam sa-Malaysia held 1 seat. The front also won the right to form governments in the states of Perlis, Trenggamu, Kelantan, Pahang, Johore and Malacca and was leading all parties in the remaining five states of peninsular Malaysia.

## Shcharansky Says Kin to Leave Soviet

TEL AVIV (Reuters) — Anatoli B. Shcharansky, the human rights activist, said Sunday that the Soviet Union had given his family permission to leave the country and that they would join him in Israel within three weeks.

Mr. Shcharansky, who was released in February from the Soviet Union in an East-West prisoner exchange, said on Israeli state radio that the Russians were releasing his mother, Ida Milgrom, his brother, Leonid, and his brother's wife and two sons as part of an effort to develop relations with Israel.

Mr. Shcharansky accused the Soviet Union last month of failing to observe an agreement, which had not previously been publicized, to allow his family to emigrate. Mr. Shcharansky had served nine years in Soviet prisons on espionage charges before he was freed in February.

## For the Record

**The Egyptian tourism minister arrived in Israel** on Sunday to discuss travel between the countries and the decline in American tourism to the area. The visit by the minister, Fuad Sultan, came amid efforts to complete an agreement for arbitration of a border dispute over the Red Sea resort of Taba. *(AP)*

**Bargainers for 7,000 striking city workers** in Detroit said Sunday they had reached a tentative agreement with local government officials to end a 19-day strike that stopped all bus services and garbage collection. A vote on the agreement was scheduled later. *(Reuters)*

**Elections will be held in January** for nine provincial councils in Sri Lanka that are central to President Junius R. Jayawardene's plan to end ethnic strife, according to a government newspaper, the Sunday Observer. The plan, announced June 25, calls for Tamil rebels to lay down their guns in exchange for a restructuring of local government. *(AP)*

**Princess Caroline of Monaco gave birth** Sunday to a daughter, the palace announced. A spokesman said that Caroline, 29, and the baby, who was named Charlotte, were doing well. Caroline and her husband, Stefano Casiraghi, have a 2-year-old son, Andrea. *(UPI)*

**An earthquake damaged 70 houses in southeastern Turkey** on Sunday, but no injuries were reported, the Hurriyet news agency said. *(AP)*

**Federal judges overturned** Friday the election of the Alabama attorney general, Charles Graddick, in the Alabama Democratic Party's gubernatorial runoff June 24, saying federal voting laws had been violated. The three judges said that his opponent, Lieutenant Governor Bill Baxley, must be certified as the nominee or a new election must be held. *(NYT)*

# Volunteers Around U.S. Give Help to Dry South

## Citizens Send Their Hay and Money

By Ward Sinclair
*Washington Post Service*

COLUMBIA, South Carolina — The national response to the drought of 1986 has become the moral equivalent of a barn raising.

Thousands of tons of hay cut by farmers in 39 states are on their way to South Carolina and other Southeastern and Middle Atlantic states, where crop and livestock damage is estimated at $2 billion, with higher figures certain to follow.

Trucks, trains and planes have been mobilized to carry the freight, loaded by armies of volunteers.

No one has charged a cent. The federal government is not involved. State offices are playing a minor role. No one knows when the flood of hay and volimteer help will stop.

South Carolinians, touched by the flood of assistance, gathered at the state fairgrounds for a "Thank you, America" rally that featured announcement of a foundation to administer the donations of money sent to farmers in the state from all over the nation.

The foundation, called the Farm Assistance Relief Mission, plans to use part of the money to pay for shipping hay at the reduced rates that are promised by some railroads after the free ride ends.

Ways will also be sought to get some of the money to crop farmers who do not need hay but whose fields are scorched beyond harvest.

"All of this has reaffirmed my faith in people," said Mary Sumter, a state seed analyst working as a volunteer on the hay-distribution team.

Appropriately enough, this movement began in the traditional spirit of farmers who help build barns, plant and harvest crops, and tend livestock for troubled neighbors.

A telephone call from Gayle McFarland, a farmer in Marion County, Indiana, who saw a telecast on the awesome drought damage to Tom Trantham's farm near Greenville, South Carolina, apparently was the spark that started it.

Mr. McFarland offered to send hay to farmers in South Carolina if someone could find a way to get it here. Dozens of similar calls followed.

Within days, the CSX Transportation Co. had offered a train, union crew members had volunteered to operate it and Indiana had mobilized.

The two states' agriculture departments worked together. Indiana farmers baled hay at night, and hundreds of volunteers from all walks of life swarmed to the Indianapolis rail yard to load the train and send it off July 27.

The effort is being repeated across the country.

Several dozen large trucking firms and dozens more independents have volunteered trucks to carry hay into the Southeast. Half a dozen major railroads are providing trains.

Federal Express and US Air have provided cargo planes. Large concerns such as Monsanto Co., Adolph Coors Brewing Co. and Bausch & Lomb Inc. are giving.

Farmers from outside the region are showing up unannounced in Southern hamlets with gift hay. Civic clubs and churches are organizing hayliftes.

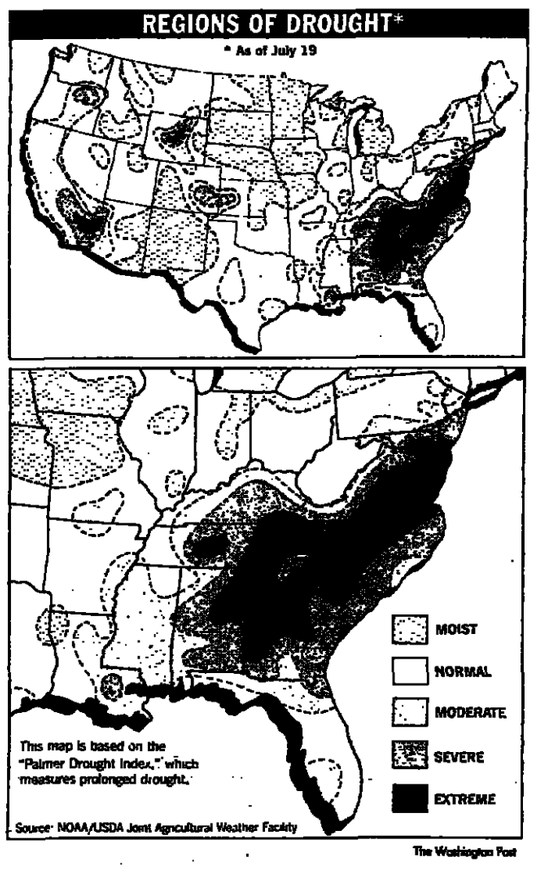
"It's every sector of the population," said Reggie Hall, an official of the South Carolina agriculture department.

"There's not a time that I talk about this that chills don't go up and down my spine," he added.

■ **Federal Relief Program**

A multibillion-dollar federal relief program announced Friday by the Agriculture Department resembles a package of relief measures that are quickly advancing in Congress, The New York Times reported from Washington.

The government will move surplus stocks of grain from the Middle West to the East and South, Agriculture Secretary Richard E. Lyng said. Livestock producers who have lost pastures and hay crops to the drought will be eligible to buy the grain, and the government will pay half the purchase price.




# Japanese Island Says No To U.S. Navy and Tokyo

By Clyde Haberman
*New York Times Service*

TOKYO — A combination of local hostility and political activism has dimmed U.S. Navy hopes for a new landing strip in Japan that the navy considers vital to train aircraft carrier pilots.

A vote to recall two local assemblymen last week on tiny Miyake Island, 110 miles (178 kilometers) south of Tokyo in the Pacific Ocean, virtually guaranteed that long negotiations would be required before the navy gets what it wants, if it can get it at all.

The vote was the latest sign of resistance in some Japanese localities to the U.S. military and, more directly, to the central government for acceding to American wishes.

This mood in no way reflects a pervasive nationwide antipathy toward either Americans in general or even the military. It does demonstrate that residents of small towns want control over their own land, even when government leaders insist that national interests and commitments to their American allies must prevail.

In the latest dispute, the Miyake Island residents voted overwhelmingly to recall two men from the 14-member local assembly because they had abandoned their opposition to the proposed landing strip in favor of positions of support or neutrality.

U.S. naval officers insist that landing installations are essential for training fighter pilots when the aircraft carrier Midway is at its home port in Yokosuka.

They say that without such practice, especially at night, pilots of F-4, A-6 and E-2 jets risk losing the highly perishable skills that enable them to land on a ship that is sometimes pitching wildly.

Practice takeoffs and landings are now carried out at an air base near the city of Yamato, in a densely populated area 20 miles southwest of Tokyo. For years, people there have clamored about the noise and have called on the Americans to fly somewhere else.

The United States view is that it is up to the Japanese to find an alternative site. After looking around, the Tokyo government settled on Miyake, a nearby, yet relatively isolated, island dominated by an active volcano.

But most of the 4,300 islanders are just as concerned about noise and safety, and they have added an argument that regular landing practice would jeopardize fish and other wildlife.

As a lure, the government has dangled a $460-million package of assistance to Miyake's farmers and fishermen, plus a new yacht harbor, a golf course and tennis courts to attract tourists. If anything, these offers have fueled resentment among islanders who regard them as attempts to buy off opposition.

Their bitterness spilled over in national elections last month when a Socialist easily defeated two parliamentary candidates sponsored by the governing Liberal Democratic Party; the results reversed the order of finish in the election in 1983.

The Miyake recall was similar to an election four months ago in Zushi, a bedroom suburb of Tokyo and Yokohama on Sagami Bay. There, voters recalled their 26-member city council, which was dominated by supporters of a plan to build a 920-apartment housing complex for American sailors and their families.

Several weeks later, in another election, Zushi residents installed a pro-housing council once more, but the results reflected anomalies in the voting system. Most residents are believed to oppose the American plans.

In both disputes, the U.S. Navy has avoided substantive comment, saying these matters should be settled by Japanese only. But the desire for the landing strip and the apartments is clear nonetheless. Prime Minister Yasuhiro Nakasone's government has sided with the Americans, agreeing to pay for the two projects.

Theoretically, the government could simply go ahead with its plans, but that would be risky in a country that values consensus-building. After the Miyake Island vote, the director general of the Defense Agency, Yuko Kurihara, said he would move cautiously.

Money alone would not solve the problem, Mr. Kurihara said.

# Corruption Under Shagari Is Detailed in Report

By Giles Elgood
*Reuters*

LAGOS — A government report has disclosed details of corruption in Nigeria involving millions of dollars under the four-year administration of Shehu Shagari.

The report, released Friday, details the findings of a judicial panel that investigated the cases of 1,017 people detained by the previous military government of Major General Mohammed Buhari, which removed Mr. Shagari from the presidency at the end of 1983.

The detainees included Mr. Shagari himself and his deputy, Alex Ekwueme, who were cleared of corruption but were banned from engaging in political activity for the rest of their lives.

The decision to clear them of wrongdoing has been attacked by critics, who argue that they should bear moral responsibility for the misdeeds of their government even if there is no legal evidence against them.

At the other end of the scale, a man arrested for illegal possession of a single 10-naira note (previously worth $14) dating from before Nigeria's April 1984 currency change has been released but ordered to stand trial.

Other cases throw light on the extent of financial malpractice under the Shagari government, which the military accused of widespread corruption and inefficiency.

One contractor, who is still in detention and will be tried, was said to have been awarded contracts totaling nearly 42 million naira ($59 million) to supply goods to the government's Youth Service Organization.

The report said the contracts had been irregularly awarded, had not been fulfilled and had never even been intended to be carried out.

"All known procedures for the award of contract and payment were therefore flagrantly breached and set aside," it said.

Two other suppliers to the Youth Service Organization, each of which won contracts valued at more than 20 million naira but allegedly never fulfilled them, will also be tried.

The panel ordered further investigation, and possible prosecution, in the cases of two men "suspected of involvement in a grand plan to transfer 112 million naira outside Nigeria" in violation of exchange control regulations.

A former manager of the Central Bank's foreign exchange department is to be prosecuted for "economic sabotage." He is accused of transferring four million naira abroad through a private company he owned.

Other cases highlighted lesser, and odder, malpractices.

Five men were arrested for impersonating members of the secret police and forcing people to pay them bribes.

But perhaps the most bizarre case was that of a man arrested for trying to dismantle an electrical transformer with his bare hands and then steal it.

He was not prosecuted, the report said, because his behavior "seems to border on insanity."

AP

**Shehu Shagari**

# Kabul and Rebels Report Several Serious Clashes

*Reuters*

ISLAMABAD, Pakistan — Heavy fighting has been reported between Afghan government troops and Moslem rebels in several parts of Afghanistan, with each side claiming to have inflicted big losses on the other.

The Hezb-i Islami Party, one of seven rebel groups making up the Western-backed guerrilla alliance, said in a statement Saturday night that it attacked 13 government posts in Logar province on July 25.

It said two of the 13 posts had been wiped out and an unspecified number of Afghan and Soviet troops either killed or captured.

The statement by Hezb-i Islami said the guerrillas went on the offensive again on July 27 and 28 in Logar, about 25 kilometers (about 15 miles) southwest of Kabul, destroying five tanks and seven trucks.

The official Bakhtar News Agency also has reported fighting in Logar, saying government troops clashed with guerrillas in the Mohammad Aghah area, killing 40 of them and capturing their weapons.

Western diplomats in Islamabad said Tuesday that heavy Soviet and Afghan armor and aircraft movements southwest of Kabul suggested that a major offensive had begun against the rebels in Logar province.

The statement by Hezb-i Islami said guerrillas ambushed a Soviet-Afghan convoy Thursday in the northern province of Badakhshan near the Soviet border, killing about 800 Afghan and Soviet troops. Twenty rebels were killed and 35 were wounded, the statement said.

The official Kabul Radio, monitored in Islamabad on Saturday night, reported successful anti-rebel operations in Baghlam province, north of Kabul, and Wardak province, west of the capital.

It said an unidentified number of rebels had been killed in the fighting and a huge quantity of arms, including 40 ground-to-ground missiles and mortar shells, had been seized.

The radio did not say when the operations had taken place.

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## France Cancels 2 TV Concessions

*Reuters*

PARIS — The French government has canceled the concessions of two private television stations authorized by the previous Socialist government shortly before it lost power in a general election in March.

A decree signed by Prime Minister Jacques Chirac that appeared in the Official Journal on Saturday withdrew the licenses awarded to the popular entertainment fifth channel and to the pop music sixth channel.

The two channels, however, will not have to go off the air immediately and will be allowed to continue broadcasting until a new structure for French television is in place.

# After Cool Reaction, China May Reconsider Soviet Overtures

By Daniel Southerland
*Washington Post Service*

BEIJING — Despite China's cool initial reaction to Soviet proposals for improved relations, some diplomats expect the Chinese to take a second look.

"The Chinese should be very interested," an Asian diplomat said.

He noted that the Soviet leader, Mikhail S. Gorbachev, mentioned for the first time in a speech July 28 in Vladivostock the possibility of withdrawing a "substantial part" of the Soviet troops stationed along the Chinese border in Mongolia.

This is one of three major obstacles cited by the Chinese as blocking better relations.

Mr. Gorbachev's proposal on this, as well as an apparent unilateral concession on one aspect of Chinese-Soviet border questions, led a Western diplomat to say, "The Chinese have got to look at this as a major effort to improve relations."

Not everyone agrees. Some diplomats termed the Gorbachev proposals largely tactical shifts that would not impress the Chinese.

But one diplomat suggested that the cautious initial Chinese reaction was based mainly on the fact that Mr. Gorbachev caught Beijing off guard.

The Chinese at first said they were studying the Gorbachev initiative.

Then, on Wednesday, Beijing called for the "prompt and complete" withdrawal of Soviet troops from Afghanistan, an apparent response to Mr. Gorbachev's announcement that the Soviet Union would withdraw six regiments.

The presence of Soviet troops in Afghanistan is another of the three obstacles cited by Beijing as blocking better relations.

Chinese officials said privately they were not impressed with Mr. Gorbachev's announcement that six regiments, estimated to number 6,000 to 8,000 men, would be withdrawn. The number is a small fraction of the estimated Soviet troop strength there of about 120,000.

The Chinese officials also noted that the Soviet leader had nothing to say about the continuing presence of Soviet-supported Vietnamese troops in Cambodia, the third, and most important, obstacle to better relations, in the Chinese view.

Several diplomats said Mr. Gorbachev's mention of a possible substantial reduction in troops stationed along the Chinese border in Mongolia had to attract Chinese attention, because Mongolia is a natural invasion corridor leading from the Soviet Union to Beijing.

Mr. Gorbachev did not say when Soviet troops might be withdrawn from Mongolia. An estimated 50,000 to 60,000 Soviet troops are reported to be stationed there.

Another apparently significant concession involved Mr. Gorbachev's statement on the Amur River, part of which forms a 120-mile (194-kilometer) segment of the border between the two nations.

The Soviet leader said that the border "could pass along the main channel" of the Amur, thus accepting the Chinese position on this issue.

Asian diplomats said the Russians had agreed on this earlier in now disrupted border talks with the Chinese, but only as part of a settlement of the whole border issue.

Mr. Gorbachev seemed to be making a concession even before border talks resumed.

Fighting erupted between the two countries over a disputed island in the Ussuri River in 1969.

Relations between China and the Soviet Union have been improving, particularly in the field of trade, since Mr. Gorbachev came to power in early 1985.

But until now at least, the Russians have made no significant concession on what the Chinese call the "three obstacles."

# 3 Held Briefly in Moscow Nuclear Protest

*Reuters*

MOSCOW — Two peace activists from New York and a member of a Soviet dissident group were held by the police for an hour Sunday after trying to stage a protest in Gorky Park against nuclear energy, the Americans said.

Bob McGlynn, 29, and Anne-Marie Hendrickson, 30, said that they and a Moscow artist, Nina Kovalenko, had been released after questioning.

A British student, David Barnsdale, 33, a member of the Campaign for Nuclear Disarmament, said that he and Peggy Walford, 66, from the Greenham Common women's peace camp in England, had been escorted to the room where the three were being questioned after they asked police officers what had happened to them. But they were not arrested, Mr. Barnsdale said.

The Americans said they had been trying to distribute Russian-language leaflets about the dangers of nuclear radiation but that Ms. Kovalenko had not been doing this.

She was detained in a psychiatric clinic earlier this year for her involvement with the dissident organization, the Group of Trust, which campaigns for East-West contacts and disarmament.

In the protest Sunday, the demonstrators also had posters and banners with the words "Never again Hiroshima and Chernobyl."

## China Reports Heavy Floods

*The Associated Press*

BEIJING — Flooding in Jilin province has affected 1.86 million people and inundated 2.5 million acres (1.01 million hectares) of farmland, the official Chinese news agency Xinhua reported Sunday.

# Ortega Urges Peace Talks With U.S. And Vatican

By Kevin Klose
*Washington Post Service*

CHICAGO — President Daniel Ortega Saavedra of Nicaragua, who is on a trip to the United States, has proposed new negotiations with the Reagan administration, the Vatican and others as part of a peace plan for Central America.

Mr. Ortega, speaking here Saturday at the invitation of the Reverend Jesse L. Jackson, said that his proposals could turn "the dream of peace between Nicaragua and the United States" into a reality.

The Sandinist leader, accompanied by his wife, Rosario Murillo, who translated his speech from Spanish into English, said he arrived at the initiatives after talks with Mr. Jackson.

Mr. Jackson and Mr. Ortega both thanked President Ronald Reagan for the visas issued to the Ortegas to travel in the United States, where they have been speaking against the administration's proposed aid package to U.S.-backed Nicaraguan guerrillas.

Mr. Ortega had addressed the United Nations earlier last week.

The Sandinist leader invited Mr. Reagan to visit him in Nicaragua, asserting that he would find a country moving toward democracy.

Mr. Jackson said he had asked Mr. Ortega to confer with him because the U.S. Senate will begin debate soon on the $100-million aid package, which was approved in June by the House of Representatives.

Mr. Jackson said that if the money reaches the anti-Sandinist insurgents, "it will constitute a de facto declaration of war on Nicaragua."

Mr. Ortega's proposals Saturday included:

- An "invitation" for the Reagan administration to abide by the recent ruling by the International Court of Justice that the United States stop "arming and training" the rebels. The court is a judicial arm of the United Nations.
- A call for a Central American demilitarized zone and for Honduras and Costa Rica to conduct joint border patrols with Nicaragua under UN auspices.
- A request that the Central American peace initiative known as the Contadora process be pursued vigorously again.

Mr. Ortega said that Managua was "willing to establish serious discussions with the Vatican" to explore rising complaints from Roman Catholic priests in Nicaragua of abuses by government forces.

He said that more than 140 clergy members had been killed in Latin America in recent years, but "none in Nicaragua."

The U.S. Catholic Conference recently released a letter from Nicaraguan bishops alleging that they had been threatened with expulsion or death by government supporters opposed to the church. Earlier this year, Bishop Pablo Antonio Vega was expelled from the country.

Mr. Ortega also proposed talks with the owners of La Prensa, an opposition newspaper that his government recently shut down.

Although Mr. Ortega came to the United States to urge the UN to support the June 27 decision by the International Court of Justice, he spent most of his time in public settings designed to help him improve his image among the American people.

## AMERICAN TOPICS

All-terrain vehicles have opened inaccessible land to riders. Environmentalists cite damage to plants and animals.

### Arrival of All-Terrain Vehicles Puts New Strain on Public Land

The mobility and ease of operation of all-terrain vehicles have opened up hitherto inaccessible acres of public lands to their riders. Sales have risen from 136,000 in 1980 to 594,000 projected for 1986.

But ATV's, as the vehicles are called, also have brought new worries about their safety and new headaches for public land managers and wildlife specialists, The New York Times reports.

The vehicles resemble motorcycles with three or four plump, knobby tires. The Consumer Product Safety Commission says ATV riding has contributed to 415 deaths and 185,000 injuries since 1982. Environmentalists assert that the vehicles are adding to already serious problems of torn-up land, rutted tracks, crushed plants and harassed wildlife in parks, national forests and recreation areas.

"The problem is getting worse," said Kendall Johnson, a range specialist with the Utah State University Agricultural Extension Service.

While the soft tires spread the machine's weight more evenly, the tendency of riders to go in groups and to blaze new trails often makes their use as destructive as that of other off-road vehicles: four-wheel-drive trucks, "dirt bike" motorcycles and snowmobiles.

In response, the Uinta National Forest in Utah has closed its off-road areas to all vehicles except those with a specific errand, such as gathering wood or recovering fallen game.

### Short Takes

**At Brook Farm**, one of the earliest communes in the United States, Ralph Waldo Emerson lectured and Nathaniel Hawthorne took up residence. Now, its 175 acres (70 hectares) of fields, forest and marsh are the last large tract of undeveloped land within the Boston city limits. Brook Farm was deeded to the Lutheran Church in 1870 and has long been in disuse. In the face of opposition by the West Roxbury Historical Society, real-estate developers have abandoned an effort to buy the site. A bill providing that the state of Massachusetts buy the land for $3 million is pending in the state legislature.

**The hottest-selling model kit** in the country is for the F-19 Stealth jet fighter, an aircraft so secret that the Pentagon will not even say it exists. About 100,000 kits have been ordered by toy stores around the country, three times the usual number for a new model plane. Representative Ron Wyden, Democrat of Oregon, said, "What I, as a member of Congress, am not even allowed to see is now ending up in model packages." Steve Kass, national field sales manager for the model manufacturer, Testor Corp. of Rockford, Illinois, said the model gives away no secrets that haven't already been published in the trade press.

**Shorter Takes:** The U.S. Senate, pleased with its experiment to televise its sessions, has voted 78-21 to keep the cameras on permanently. □ **A Tampa Tribune** survey shows that grocery prices in Washington are the highest in the continental United States. A U.S. Agriculture Department analyst cited the capital's affluence, noting that people with more money spend more on food. □ **The Defense Department** plans to spend almost $1 billion to renovate the Pentagon and build an annex in one of its parking lots.

### Notes About People

**Charles S. Robb**, the former Democratic governor of Virginia and a potential candidate for president, said in a recent speech that corporations should be encouraged to plan for long-term growth. "To get business executives to look beyond short-term profits," he said, "management pensions could be tied to how a company performs after an individual retires."

As it must to all authors, The New York Times notes, remaindering has come to Nancy Reagan. "To Love a Child," the book about the Foster Grandparents program that she wrote with Jane Wilkie in 1982, is currently on sale in large stacks at outlets of Too Many Books in the Washington area, knocked down from $14.95 to 50 cents a copy.

**Senator Edward M. Kennedy** of Massachusetts is negotiating to join forces with **Peggy Noonan**, a former speech writer for President Ronald Reagan, to write a book about himself and his brothers, The Washington Post reports. The Post says that Mr. Kennedy was impressed by the speech Miss Noonan wrote for Mr. Reagan for the dedication of the John F. Kennedy Memorial Library, and that Miss Noonan, although she says she is "your basic supply-side conservative," describes herself as "an Irish Catholic with a liberal Democratic background" — which also describes Mr. Kennedy.

—ARTHUR HIGBEE

# Scientist Reports a New Virus Found Among AIDS Patients

By Lawrence K. Altman
*New York Times Service*

NEW YORK — A government scientist has reported the discovery of a hitherto unknown virus among AIDS patients. Other scientists say the finding has opened up wide possibilities that need to be explored in further research.

The scientist, Dr. Shyh-Ching Lo, who works at the Armed Forces Institute of Pathology in Washington, said it was too soon to know what relationship the microbe might have to acquired immune deficiency syndrome, the lethal disease that paralyzes the immune system.

The new virus has not been given a name and has never been found in any patients other than those with AIDS. It appears to belong to a new family because it bears no relationship to any known virus, Dr. Lo said in a report in last week's issue of The American Journal of Hygiene and Tropical Medicine.

Although the meaning of the discovery is unclear, other scientists said Saturday that they were intrigued by the unusual way by which Dr. Lo isolated the virus.

Among the theoretical possibilities, the virus may be one of these:

- A virus that somehow acts in concert with the known AIDS virus to produce more serious illness or certain complications, such as Kaposi's sarcoma, a form of cancer.
- The cause of one of several opportunistic infections that prey on people with paralyzed immune systems.
- A virus that causes no apparent harm.

Until Dr. Lo's findings are confirmed independently, the possibility also remains that the new virus is some sort of fluke, an artifact of the laboratory or a contaminant.

"It cries out for verification," said one virologist who is familiar with Dr. Lo's work and who is supportive of it.

In any case, the finding of a new virus is regarded by experts as important. And ultimately, if a role is found for a new virus in AIDS, one of the biggest medical puzzles of modern times, it could help in the worldwide search for a cure for the disease and for a vaccine to prevent it.

Leading military and civilian virologists and AIDS experts are expected to discuss the next steps in the research at a private meeting Monday at the Armed Forces Institute of Pathology with Dr. Lo, a pathologist and a virologist who works for the institute's Collaborative Center for the Investigation of AIDS.

The institute is a military medical center that has an international reputation for making diagnoses in difficult cases.

Dr. Lo said that he suspected the new virus played a more important role in AIDS than as the cause of an opportunistic infection.

Although some scientists were skeptical about Dr. Lo's findings, they said they were mindful of similar doubts that greeted the report in 1983 that Dr. Luc Montagnier's group at the Pasteur Institute in Paris had discovered the AIDS virus, which they called LAV.

In 1984, Dr. Robert C. Gallo and his team of scientists at the National Cancer Institute in Bethesda, Maryland, reported finding a virus in AIDS patients that the Americans called HTLV-3. Since then, LAV and HTLV-3 have been found to be the same virus.

Dr. Lo attributed his apparent success in identifying the new virus to his training as a molecular biologist and familiarity with a laboratory technique that apparently has not been used by AIDS researchers, although it has been known for about two decades.

The technique bypasses several steps involved in viral infection of cells and allows the direct introduction of infectious genetic material into the cells.

Dr. Lo reported growing the new virus in mice cells from the spleen of one patient who died and from Kaposi's sarcoma tissues of another fatal case.

From the isolates of the new virus he developed a test to indirectly detect its presence in the blood. In blood tests of 24 AIDS patients, Dr. Lo reported finding evidence of the new virus in 23.

# *FBI Studies Allegation Helms Leaked Secrets*

By Stephen Engelberg
*New York Times Service*

WASHINGTON — The Federal Bureau of Investigation is seeking to determine whether Senator Jesse Helms or one of his aides passed sensitive U.S. intelligence information to the Chilean government, according to congressional officials and Reagan administration sources.

The officials said the inquiry was focusing on assertions that the Chileans had been tipped off about a covert U.S. intelligence-gathering operation.

They said the Senate Select Committee on Intelligence had asked for the investigation after reviewing evidence from the State Department that there had been a leak of information to Chile, possibly by Mr. Helms, a North Carolina Republican, or one of his staff members.

Mr. Helms, who is a vocal critic of the State Department's policy toward Chile, said Saturday that neither he nor his staff had provided any classified material to the Chileans. He said he was not aware of the FBI's inquiries but suggested that they were politically motivated.

"The State Department and the Central Intelligence Agency are constantly trying to discredit me," Mr. Helms said in an interview, "and they're not going to be able to do it. The real need is for the State Department and the CIA to clean up their acts."

The allegation that Mr. Helms or a member of his staff was involved in leaking information to Chile could not be independently verified.

One congressional official familiar with the evidence said it pointed to a "Helms connection" with the incident rather than to any specific person as the source of the unauthorized disclosure.

A second congressional official placed less weight on the information, saying it had come from "third- or fourth-hand" sources whose veracity had not yet been proved.

One administration official said that CIA officials were angered by the disclosure to the Chileans because it posed a threat to the agency's sources and methods for gathering information on Chile.

Kathy Pherson, a spokeswoman for the CIA, said the agency would have no comment.

The FBI investigation began last week, according to an administration official. Congressional sources who asked not to be identified said the Senate intelligence panel had informed the Senate leadership of its decision to request the investigation.

Mr. Helms is not a member of the intelligence committee, but he is given sensitive intelligence on Chile in his post as chairman of the Western Hemisphere Subcommittee of the Foreign Relations Committee.

# *Canada Introduces a Strict Measure To Ban Distribution of Pornography*

By Douglas Martin
*New York Times Service*

TORONTO — The Canadian government is taking a tough stance toward pornography, going so far as to introduce legislation that could ban such publications as Playboy and Penthouse.

The Canadian offensive is contained in a law introduced recently by the Progressive Conservative Party government of Prime Minister Brian Mulroney. It provides for penalties of two to five years in prison for those convicted of distributing pornography.

An article in The Toronto Star recently called the effort "much tougher, more wide-ranging and more controversial than anything being contemplated in the United States."

A U.S. Justice Department commission last month limited itself to suggesting several changes in national and state laws and recommending that citizens act on their own to stop pornography sales.

A major thrust of the proposed Canadian law, which addresses only visual material, is to limit pornography involving children or violence. These appear to have wide support.

More controversial, however, is a section of the law dealing with most depictions of conventional sex. The concern is over the distribution of pornography, as little is produced in Canada. More than 80 percent is believed to come from the United States.

Opposition parties have derided this measure as a return to Victorian times, and civil libertarians have suggested it may prove an unconstitutional abridgment of freedom of expression. Even feminists, many of whom urged strong action against violent pornography, have criticized the legislation for not discriminating between pornography and erotica.

"This bill goes beyond what even some of the most ardent advocates of prohibition were requesting," said Alan Borovoy, chief counsel for the Canadian Civil Liberties Union.

Fundamentalist Christian groups, which sent thousands of letters urging much tougher legislation, have been supportive. So have the police, who will have the responsibility of enforcement.

The Canadian legislation tries to define pornography exactly by listing several visual images that would become illegal, ranging from bondage to bestiality. It also bans the depiction of any type of sexual intercourse.

The biggest dispute, however, concerns a phrase after the long list of the prohibited images. The phrase refers to "other sexual activity," a reference Mr. Borovoy says might include "kissing, hugging, holding hands and looking fondly at each other."

Neville Avison, a criminal-law expert in Canada's Justice Ministry, denied the ban could include depictions of these activities, or, for that matter, "Roy Rogers kissing his horse, Trigger," which some have suggested may become illegal.

Historically, Canada has taken a more restrictive attitude toward visual depictions of sexuality than many other Western countries; two years ago customs agents banned an issue of Penthouse.

John Crosbie, justice minister at the time the legislation was introduced, said even the depiction of breasts or genitals "for a sexual purpose" would be illegal under the new legislation.

But the proposed law is considerably more severe than past decisions by Canadian judges or the recommendations of a special commission appointed by the previous Liberal Party government that spent months holding hearings across Canada. The reversal is partly a response to a huge letter-writing campaign.

"People across the country said, 'Not in my backyard,'" Mr. Avison said.

# Roy M. Cohn Dies; McCarthy Counsel

By Albin Krebs
*New York Times Service*

NEW YORK — Roy M. Cohn, 59, the flamboyant and controversial defense lawyer who was chief counsel to the McCarthy committee that investigated charges that Communists were in the government, died Saturday.

On June 23, near death with what he said was liver cancer, Mr. Cohn was disbarred from the practice of law in New York state. In a unanimous decision, a five-judge panel of the Appellate Division of the state supreme court said that his conduct in four legal matters was "unethical," "unprofessional," and, in one case, "particularly reprehensible."

Two weeks after an appeal of the disbarment order was denied, Mr. Cohn entered the National Institutes of Health Clinical Center near Washington. The center specializes in testing experimental therapies for cancer and other diseases.

In several newspaper and television interviews in the year preceding his death, Mr. Cohn repeatedly denied rumors that his treatment at the institutes for liver cancer had resulted from his contracting acquired immune deficiency syndrome, or AIDS.

He also denied reports that he was a homosexual. Homosexual and bisexual men are among the highest AIDS risk groups.

Irene Haske, a spokeswoman at the institutes, said the primary cause of death recorded on the public death certificate was cardiopulmonary arrest, with "dementia" and "underlying HTLV-3 infections" listed as secondary causes, The Associated Press reported.

[The HTLV-3 virus has been identified as a possible cause of AIDS, which paralyzes the immune system.]

Mr. Cohn once predicted that even if he died at age 100, his obituary would be headlined: "Roy Cohn Dead; Was McCarthy Investigations Aide."

Roy M. Cohn

It was for his work as chief counsel to Senator Joseph R. McCarthy's Communist-hunting subcommittee in the early 1950s that he became an often celebrated, often denigrated national figure.

The young man with the heavy-lidded eyes and the smirking grin that the public got to know during the army-McCarthy hearings in 1954 never lost his enormous energy, his fiery intensity, his quick wit.

One of his first duties in Washington was to prepare the indictment on perjury charges of Owen Lattimore, a China expert who taught at Johns Hopkins University.

Senator McCarthy, Republican of Wisconsin, had called Mr. Lattimore "the top Russian espionage agent in the United States."

The indictment contained seven charges of perjury, but two were dismissed and the others ultimately dropped by the Justice Department.

By early 1953, Mr. Cohn's brand of anti-Communism had won him so much admiration from Senator McCarthy, who was the chairman of the Senate's permanent investigations subcommittee, that Mr. Cohn was named chief counsel to the subcommittee.

Mr. Cohn's job with Senator McCarthy ended in 1954 and he went back to private practice.

Mr. Cohn himself was almost constantly in conflict with the Internal Revenue Service, which audited his tax returns for more than 20 years in a row and collected more than $300,000 in back taxes.

Asked about his own part in McCarthyism, he said: "I sleep well at night. I won't be saying 'please forgive me' on my deathbed."

### Monsignor James Horan, 74, Backed Airport in Ireland

DUBLIN (Reuters) — Monsignor James Horan, 74, a Roman Catholic priest who conceived the idea of an international airport in a remote part of Ireland, and made it a reality, died Friday while on a pilgrimage to Lourdes, France.

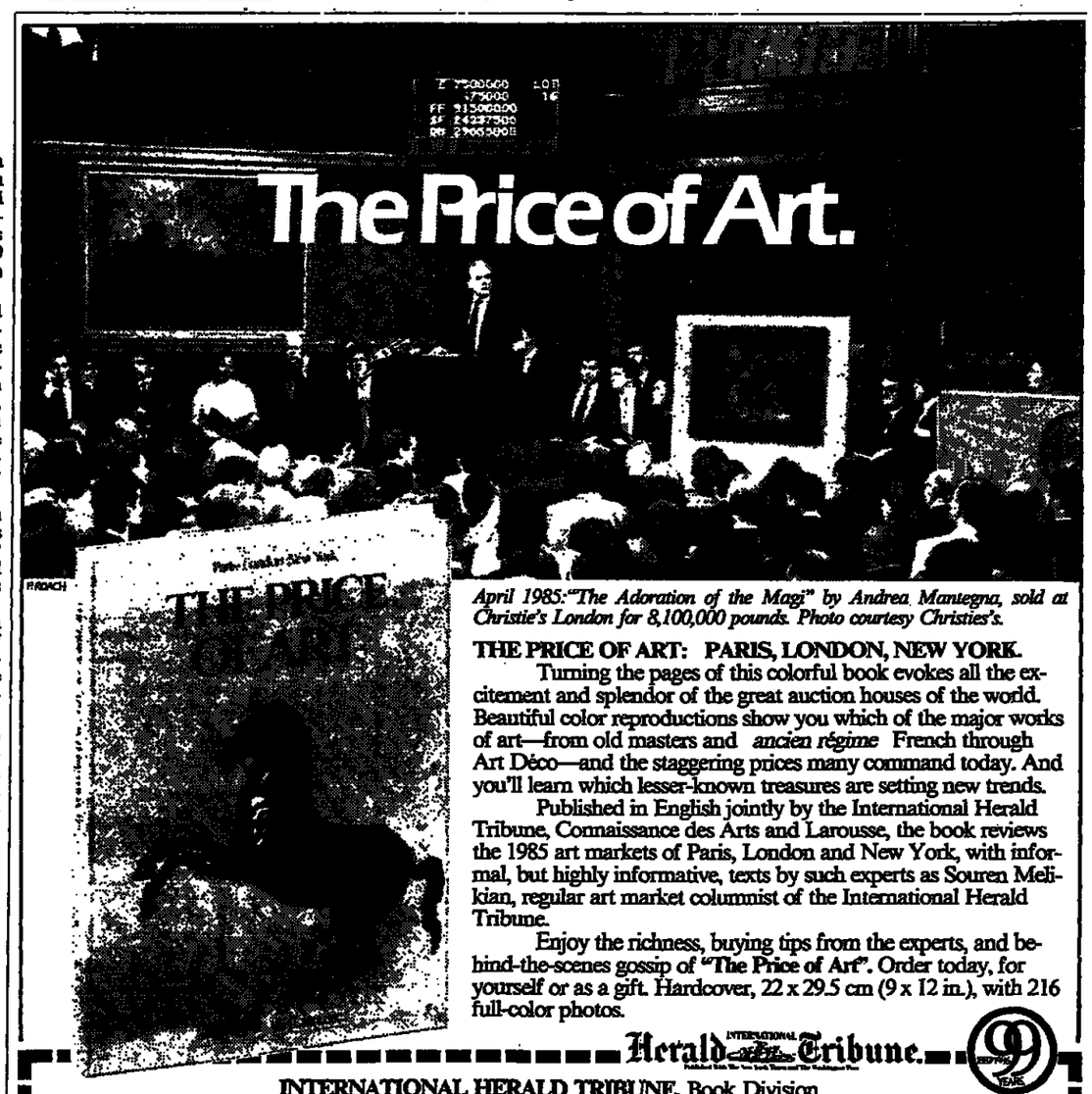
Monsignor Horan persuaded the government to back the airport at Knock, western Ireland, the site of a shrine. He was parish priest there until a few months ago.

After the present center-left government came to power in 1982, it froze further state funding, saying the airport would never pay its way. Monsignor Horan raised the £4 million (currently $5.94 million) needed to complete the airport by voluntary donations, mainly from the United States. The airport opened in May.

■ *Other deaths:*

**Thomas J.E. O'Neill**, 70, the first doctor to perform surgery inside the human heart, Thursday, in Doylestown, Pennsylvania.

**Marion Hepburn Grant**, 68, a Connecticut historian and a sister of the actress Katharine Hepburn, Friday, apparently of a heart attack, in Old Saybrook, Connecticut.


*April 1985: "The Adoration of the Magi" by Andrea Mantegna, sold at Christie's London for 8,100,000 pounds. Photo courtesy Christies's.*

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# OPINION

## Sanctions Are Needed

Congress and the Commonwealth now need to vote some sanctions against South Africa to demonstrate that President Reagan and Prime Minister Thatcher have misrepresented Western values and interests in that nation's terrible conflict.

It is Pretoria's racism that is immoral, and not, as they contend, the struggle against it. Lacking any political rights, the black majority must either enlist outside pressure or turn to violence — a desperate violence that would inflame and damage civilized societies around the world.

Mr. Reagan and Mrs. Thatcher have not only failed to persuade the Pretoria government to negotiate with blacks, they oppose sanctions in terms that encourage it to refuse. That comfort can be undone only with measures that give direct encouragement to the black majority and give it reason to resist revolutionary action. The issue before Congress and the Commonwealth is no longer whether sanctions, but which kind.

Ideally they would choose sanctions that are effective enough to break down Pretoria's resistance but sufficiently limited to be undone once effective. They could then be tied to specific demands — like the end of emergency rule, freeing of political prisoners and proclamation of a timetable for negotiating an end of apartheid.

The measures that Senator Richard Lugar has coaxed through his Foreign Relations Committee meet these requirements. His bill, as now amended and accepted, would forbid imports to the United States of South African coal, steel, uranium and all products of government-controlled firms. It would bar such firms from doing business with American banks, deny landing rights to South African Airways and forbid new American investment. The bill goes too far in encouraging the denial of visas to South African officials for travel to the United States — an interference with travel that should always be wrong.

The committee's package falls short of the total embargo approved by the House, which would require 280 American corporations to cease operations in South Africa within six months. The Senate measure would permit American businesses to continue operating as a force for good by promoting fair employment practices.

The Senate bill's most effective feature is the plan to deny even short-term trade loans to Pretoria's various state enterprises. When Western banks took such action a year ago, they provoked a major devaluation of South Africa's currency and quick cancellation of a prior emergency regime.

Mrs. Thatcher is under pressure to approve a similar package. Her foreign secretary, Sir Geoffrey Howe, is now a convert to some of the sanctions that the rest of the Commonwealth strongly favors. What changed his mind was a mission to southern Africa; he was snubbed by leading blacks and rebuffed by Pretoria.

How many more such missions are needed before Mr. Reagan and Mrs. Thatcher catch up with a now obvious consensus? The harder they resist, the greater will be Pretoria's resistance and the black majority's desperation. It is late in the day for any effort to contain the violence on both sides.

In their eagerness to avoid sanctions, Mr. Reagan and Mrs. Thatcher misjudged the effect of their words. Only sanctions that sting can now sustain the blacks who still hope for peaceable change.

*— THE NEW YORK TIMES.*

## Reaganomics Reviewed

When President Reagan signed his great tax cut into law five years ago, he launched the United States on a momentous economic experiment. The New Right argued, with some reason, that the country had got itself into trouble through excessive reliance on government deficits to pump up demand and create jobs. Mr. Reagan and his economists proposed instead to turn their attention to the supply side of the supply-demand equation. The supply-siders believed that the cuts in tax rates would result in a surge of savings and industrial investment that would, in turn, lift American productivity and competitiveness. That was their formula for rapid economic growth with low inflation. Now, five years later, how is the experiment turning out?

The surge of savings never materialized. The share of their incomes that Americans save is lower now than when President Carter left office. In relation to the size of the economy, business investment is also lower than five years ago. The supply-siders of 1981 charged correctly that the country was spending too much on current consumption. But consumption as a proportion of GNP is significantly higher now.

Despite the mediocre levels of investment, productivity has improved visibly. It is a queer pattern that no one has been able to explain fully. Higher output per hour of labor is essential for any enduring rise in the standard of living. From World War II to 1973 productivity rose rapidly and steadily at an average 2.9 percent a year. From 1973, the year of the first oil crisis, to the end of the Carter administration it rose a meager six-tenths of 1 percent a year. In the Reagan years it has come back to 1.3 percent a year — double the rate of the late 1970s but only half that of the previous years.

As for the ability of exports to compete abroad, the last few years have been a spectacular disaster. Trade accounts were balanced as recently as 1982. Since then, driven by distorted exchange rates, they have swung into deficit on a gigantic scale.

The economy grew at an annual rate of 2.8 percent in the Carter years, and so far at 2.9 percent in the Reagan years — not a startling difference. In his attempts to get the rate higher, Mr. Carter inadvertently generated vast inflation, and in the same pursuit Mr. Reagan has equally inadvertently generated vast deficits. The irony of the supply-side experiment is that it has come to depend on demand, debt and consumption to keep the economy expanding.

*— THE WASHINGTON POST.*

## A Peculiar Business

July was not a splendid month for the image of America's arms makers.

First there was "chicken fat." That has been the phrase around the office at a Litton Industries branch for the illegal profits routinely made by gouging the air force on prices for cockpit and radar instruments. Litton pleaded guilty and agreed to pay $15 million in restitution and penalties. Most thieves prefer privacy. When everyone knows what "chicken fat" means, a company's pricing policy needs revision.

Then came the Korb affair. Raytheon hired Lawrence Korb, a senior Pentagon official, through the ever-revolving door by which Pentagon buyers and sellers rotate in jobs. Mr. Korb caught his foot in the door by endorsing a private study that called for more moderate growth in weapons spending. The navy complained to Raytheon, which crumpled into a soggy heap and let him go. Had Raytheon calmed the navy's panic at independent judgment, it would have deserved more respect.

Lockheed supplied the third horror of the month by confessing to Representative John Dingell that it could not account for more than a thousand secret documents that are believed to concern the air force's secret Stealth fighter. Details about the plane would certainly top the shopping list of Soviet spies, yet Lockheed's relaxed security system let one employee smuggle blueprints from the plant to show off to his girlfriend. When the company failed to locate many missing documents, it told two security officials to draw up forms indicating that they had been destroyed. These officials say they became pariahs when they blew the whistle. Lockheed says that no classified material has been compromised. But if it had taken security more seriously, the possibility would never have arisen. As its chairman, Lawrence Kitchen, admits, "Our internal laxness is inexcusable."

In what other field of business would leading companies behave like these? In none. Defense contracting is not an ordinary business. Companies compete not in cost and quality but in influencing their sole customer, the Pentagon. Living by its whims and lacking the discipline of the market, defense contractors have developed a culture rife with price gouging, servility and even laxity with secrets. The cure is to open up military contracts to genuine competition and to lock the revolving door.

*— THE NEW YORK TIMES.*

## Other Comment

### An Opportunity for Thatcher

Prime Minister Margaret Thatcher has the opportunity to confound her enemies and astound her disillusioned supporters. She can do so by re-establishing Britain's credentials as the natural leader of the West's campaign to bring South Africa fully into the non-Communist community of democratic nations. To succeed, she needs first to welcome the Commonwealth mini-summit in London as a valuable opportunity to restate our basic position and not as an anti-British lynch party from which to escape as best she can.

British public opinion is clear: We do not want the Commonwealth to break up over South Africa, though we are more European- than Commonwealth-minded. Sympathies lie largely with South Africa's black population and we do not think our policies toward the Botha regime are tough enough.

President Pieter Botha's boorish reception of Sir Geoffrey Howe, Europe's as well as Britain's envoy, typified the shellback isolationism of Afrikaner nationalism at its worst: indifferent to international opinion, contemptuous to appeals for dialogue. The Commonwealth must be told that Britain is prepared to act with its allies. But that does not mean an all-out trade war. There is no "quick-fix" solution to a problem embedded in 75 years of white supremacy.

*— The Sunday Times (London).*

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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France. Tel.: (1) 46.37.93.00. Telex: Advertising, 613595; Circulation, 612832; Editorial, 612718; Production, 630698.

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S.A. au capital de 1.200.000 F. RCS Nanterre B 732021126. Commission Paritaire No. 61337
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## Apartheid: Better Ways Than Sanctions

By Lloyd N. Cutler

MARION, Massachusetts — I share the skepticism of President Reagan as to whether wider economic sanctions are likely to move the South African government toward ending apartheid and the disenfranchisement of its black peoples. And I agree that the multinational firms in South Africa are a positive force toward achieving these goals and should be encouraged to remain.

At the same time, however, I agree with the critics of U.S. policy who believe it is high time for the Western democracies to move beyond "constructive engagement."

The Western democracies have ample diplomatic means to bring additional moral pressure against the South African government. Article 1 of the United Nations Charter establishes the basic right of all peoples to self-determination. It commits the United Nations to "promoting and encouraging respect for human rights and ... fundamental freedoms ... without distinction as to race."

With the Western democracies' support, the UN General Assembly has adopted a universal declaration of human rights, embracing the right of free elections "by universal and equal suffrage." The Security Council has long since found that South Africa has denied this right to the black peoples who are the overwhelming majority of its population. In addition to the Security Council's call for limited economic sanctions, the General Assembly has urged other member states to assist the black population in its struggle. Curiously, Mr. Reagan's recent speech on South Africa never mentioned the United Nations or its efforts to end apartheid.

By acting under these earlier Security Council resolutions or by proposing new ones, the Western democracies could assist the black population by granting open political recognition to the African National Congress and any other group that can reasonably be regarded as representing a significant number of disenfranchised black people.

The democracies could also provide financial assistance and technical advice to such groups in their efforts to achieve the right to vote. They could call on the Pretoria government to negotiate with these groups to frame a constitution under which the right to vote and other human rights are guaranteed to all.

The stated reason for U.S. military and financial aid to the Nicaraguan "contras" is to help them restore a freely elected government to that country. By receiving the contra leaders in the Oval Office, President Reagan has granted them open political recognition. How can the United States fail to grant comparable recognition and at least financial support to the black opposition leaders of South Africa, when that nation's total disenfranchisement of its black majority is even more offensive to the principles of democracy?

The present South African government will of course protest that such actions would be an improper international interference in its domestic affairs. But, by herding its black people into separate "homelands" and denying them South African citizenship, the government has forfeited any claim to treat apartheid as a purely domestic affair.

We are past the day when the rulers of any nation are free to deny the right to vote to most of their own people. If the UN Charter means anything, it establishes the rights of self-determination and universal suffrage, and it empowers the UN institutions to enforce these rights. It also entitles UN members to provide at least peaceable assistance to any people seeking to achieve these rights.

Political comparisons between nations are rarely reliable. But the right to vote is surely the linchpin of peaceful change in South Africa, just as it was the linchpin of peaceful change in the American South.

I recall a remark by the late Senator James Eastland of Mississippi, an opponent of the Voting Rights Act and other desegregation measures before they were adopted. During a quiet chat in his Senate hideaway, he said, "When they get the vote, I won't be talking this way anymore." Once freed from the albatross of imposed white supremacy, he courted black voters as assiduously as white ones. Underneath it all, the Afrikaner politicians may be like Jim Eastland.

*The writer, a lawyer who was counsel to President Jimmy Carter, was a founder of the Lawyers' Committee for Civil Rights Under Law. He contributed this comment to The New York Times.*

## No, This War Isn't Really About Human Rights

By Aryeh Neier

NEW YORK — The emergence of the human rights argument for attempting to overthrow the Nicaraguan government — that is, the contention that the United States should get rid of the Sandinists militarily because they closed La Prensa, exiled a bishop and cracked down on domestic dissidents — can be seen as a perverse tribute to the human rights movement.

Never before has the United States asserted that it is undertaking or sponsoring a war to promote human rights.

To most of us who have worked for human rights internationally, this rationale for U.S. efforts to oust the Sandinists is more perversity than tribute. We see it as profoundly threatening to our movement. Let me try to explain.

First, put aside disputes over the actual human rights situation in Nicaragua. For purposes of this argument, assume the worst. Assume that the Sandinists are creating a totalitarian state in which no opposition voices can be raised. Having made that assumption, everyone concerned with human rights should want to get rid of them; the state they are creating would be anathema.

It does not follow, however, that, even if we might wish the Sandinists' ouster, we endorse efforts by the U.S. government to overthrow them militarily in the name of promoting human rights. To understand the disjunction, it is important to grasp our concept of our movement.

The idea that the international community should concern itself with how sovereign governments deal with their own citizens is an outgrowth of post-World War II thinking about the Holocaust. Our movement is founded on the principle that it is legitimate for outsiders to intervene in a nation's domestic affairs when the possibilities of domestic redress for gross abuses of human rights have been exhausted.

When we say "intervene," what we mean is that we expose abuses of human rights to international public view. Given the frailty of international legal mechanisms for promoting human rights, our best mechanisms for promoting our cause are publicizing abuses and thereby enlisting international moral pressure.

It is no easy task to generate international moral pressure. To the extent that we can do it, it is only by attending to the morality of our movement. We must speak evenhandedly about abuses of human rights everywhere; we must condemn abuses by the "contras" as by the Sandinists; by Cuba as by Chile; by North Korea as by South Korea; by the nations of black Africa as by South Africa.

Similarly we must take great care in advocating sanctions — diplomatic, economic or military. If our goal is to promote human rights, we must also be evenhanded in choosing which state measures to support to advance our cause.

It is for this reason that United States sponsorship of a war against Nicaragua in the name of human rights is so appalling. Plainly the United States is not about to sponsor wars against other nations that practice comparable or worse abuses; if it were ready to go to war for human rights, it would soon be engaged in combat with the Soviet Union, China, most nations of the Middle East and much of the rest of the world. That no one advocates such a course makes clear, however, that the reasons for which the United States is sponsoring a war against Nicaragua have little or nothing to do with human rights. The human rights rationale is used to bolster other, less palatable, rationales.

That way of using the human rights argument is not only dishonest in the case of Nicaragua. Worse, by invoking the rhetoric of the human rights movement to promote other interests, it severely threatens the human rights movement. Unless the human rights movement keeps its distance from those who misuse our arguments, and unless we are outspoken in rejecting their efforts, we run the risk that they will deprive us of our only effective mechanism: that capacity for generating moral pressure.

*The writer is vice chairman of Americas Watch, a human rights organization. He contributed this comment to The New York Times.*

## Some Sacred Defense Cows May Need Sacrificing

By Lawrence J. Korb

*The writer was U.S. assistant secretary of defense for manpower, installation and logistics from 1981 to 1985.*

WASHINGTON — Last February — a short time after I left my job in the Pentagon and joined Raytheon, a private defense contractor — I endorsed a report by the bipartisan Committee for National Security that found the increase proposed in the Department of Defense's new budget to be unrealistic in light of the deficit situation.

After two navy assistant secretaries complained about my participation, I lost my job at Raytheon. That has become a controversy within itself. But my dismissal should not obscure the message that my colleagues and I were trying to make.

The committee's study started from a premise that has proved to be completely accurate — that the Department of Defense cannot reasonably expect Congress to appropriate as much money as was once projected in long-term budget plans.

Only a year and a half ago the Pentagon projected a budget for fiscal 1986 through 1990 totaling slightly more than $2 trillion, or about 30 percent of the total federal budget. This year it submitted a proposal adding up to slightly less than $1.7 trillion for the same five-year period — about $300 billion less. Members of Congress of both parties greeted even that request as unreasonable.

At the time, my colleagues at the Committee for National Security and I saw the real debate as being between three choices: allowing military spending to grow enough to cover inflation, freezing spending at the fiscal 1986 level without taking account of inflation, or anticipating that defense would suffer deep cuts if the Gramm-Rudman legislation took effect. We carefully analyzed the forces that could result from each of these long-term funding levels, and recommended the first of them: budgets that keep pace with inflation.

Given limited resources, there is a right way and a wrong way to adjust military spending plans. The wrong way is to delude ourselves into thinking that we can save enough by cutting waste or through procurement reforms. The savings would not be large enough, and the real issue is whether to buy certain weapons. Buying the wrong weapon more cheaply is not much of a bargain.

The right way to adjust is to determine strategic priorities and then to decide what forces to develop and what weapons to build or not to build. The most important task the United States faces is to maintain the gains made in its defense posture in the past five years. I do not believe the money spent on defense in that time was wasted. It is true that budgets in the first Reagan administration were heavily biased toward the purchasing of new weapons, while funds for operations and personnel increased more slowly. It made sense to begin by ordering the hardware, which takes longest to deliver.

But now, just as all these new weapons are rolling off the production lines, the budget is getting tight. The most destructive temptation is to go ahead with the next generation of weapons while taking easier cuts in ammunition, support equipment and operating funds. Compared with plans that it made a year ago, for example, the air force requested the same number of planes in its fiscal 1987 budget but reduced spare-parts purchases by 39 percent and procurement of ammunition by 24 percent.

Rather than seek an easy way out, the need is to ask difficult questions and perhaps slaughter some sacred cows. Should the United States continue with a massive modernization of its nuclear-offensive forces while embarking on the development of strategic defenses? Is this the time to increase the size of the force structure — army divisions, navy ships, air force wings — when we know future budgets will be strained to support the present structure? What kind of naval presence and power-projection capability is needed, and where?

I was asked to leave Raytheon because my bosses feared that my presence would spoil relations with the Pentagon, their largest source of income. The customer is always right. But when the customer is the government, the result may be to squelch debate over important matters of public policy. Experienced former officials should not have to keep their heads down when they feel they have important things to say.

*In September Mr. Korb will become dean of the Graduate School of Public and International Affairs at the University of Pittsburgh. He contributed this comment to the Los Angeles Times.*

## Drugs: Not An Easy Foe To Combat

By Lou Cannon

WASHINGTON — President Reagan opens a second front in his administration's ballyhooed "war on drugs" this Monday when he launches a campaign with the lofty goal of eliminating drug abuse from America's schools and workplaces.

Even the president's critics should find it hard to quarrel with his formulation that "those who smuggle and sell drugs are as dangerous to our national security as any terrorist or foreign dictatorship." He might have added that the weapons for dealing with terrorists or foreign adversaries are considerably more effective than those for drug defenses.

*What the respondents to the poll seemed to be saying was, 'Test other people, not me.'*

Young people experiment more freely with drugs than in the counterculture heyday of the 1960s, according to a Washington Post-ABC News poll. Most parents, including the first family, have worried that their children might succumb to drug lure.

What lures most politicians are the so-called "motherhood issues" on which most voters essentially agree and which thus require little political courage to address. Opposition to drug abuse, which has intensified in direct proportion to the approach of the midterm elections, qualifies as such an issue. But it is bothersome to see Republicans and Democrats compete for publicity points while cheap, potent cocaine kills famous athletes and unknown street people.

Nonetheless, Mr. Reagan has a genuine opportunity to overcome the cynical view that politicians are content to deplore drug use without really doing anything about the problem. His genius as a communicator is that he is able to elevate motherhood issues to matters of national importance. He has made both cheerfulness and patriotism fashionable. Three years ago he assembled a collection of ordinary and commonsense views on education and turned around public opinion on that issue.

He brings built-in credibility to the drug-abuse issue. When he called for a religious revival, even some fervent loyalists noticed that he rarely attended church. But when he deplores drug and alcohol abuse, his conduct matches his advocacy. Mr. Reagan rarely drinks, never smokes, always exercises and usually watches his diet. He is a 75-year-old walking advertisement for clean living.

He has come to understand that dealing with drugs involves health and safety as well as law enforcement. Without abandoning interdiction and eradication programs aimed at reducing drug supply, he realizes that demand must be reduced. "Our object is not to punish users but to help them; not to throw them into jail but to free them from dependency," he said recently.

The president's credibility is enhanced by the persistent campaign that Nancy Reagan has waged against drug use. She has defined the challenge correctly by declaring, "We must create an atmosphere of intolerance for drug use in this country."

Armed with these advantages, Mr. Reagan should be able to encourage businesses, labor unions and service organizations to intensify anti-drug efforts. His problems come when he gets beyond the consciousness-raising stage and wrestles with the more provocative issues of funding drug treatment centers and deciding whether to seek mandatory drug tests in the workplace.

Of these two issues, the fiscal question is the easier. Despite budget obstacles, election-year competition between the White House and Congress will inevitably produce some extra money for drug treatment. But mandatory testing of those with no history of drug abuse will not be easy to sell, even for Mr. Reagan.

Mandatory testing has produced striking results in the military services and is widely accepted in jobs that involve sensitive information or public safety. And a Roper Poll found overwhelming support for testing of professional athletes, while discovering that a majority oppose "periodic testing of all current employees by their companies." What the respondents to the poll seemed to be saying was, "Test others, not me."

This is the issue that the president — and Congress, too, if it dares to go that far — will have to face in convincing America that drug abuse can be dealt with, as well as deplored. Seen in these terms, it may not be such a motherhood issue after all.

*The Washington Post.*

## IN OUR PAGES, 75 AND 50 YEARS AGO

### 1911: Treaties Signed

WASHINGTON — The Anglo-American and Franco-American arbitration treaties were signed [on Aug. 3] in the presence of President Taft in the library of the White House. Coincident with the ceremony, which was witnessed by scores of newspaper correspondents, there was a great peal of thunder accompanied by heavy rain. President Taft, who was in most jovial humor, said: "There you are gentlemen. The atmosphere is relieved already."

LONDON — The "Daily Graphic" says: "The fact that three of the greatest Powers in the world have endeavored to pledge themselves by formal contract never to go to war with each other again is a turning point in diplomatic history."

### 1936: A Venice Casino

VENICE — Gambling rights for Venice have been won by stubborn Venetians after a struggle lasting 150 years. Public gambling in the Republic was banned in 1776 by the stern Doges, who closed the Ridotto, or Gentlemen's Club, notorious all over Europe for its "sky" limit. Today, the Fascist government has decided to open one of the most modern casinos on the Continent in the Giustiniani Palace, facing the Ridotto across the Grand Canal. Venetians have always been Italy's most reckless gamblers. Their daring navigators and shrewd merchants introduced billiards and chess into the republic before 1000 AD. When losses reached astronomical figures, the Doges decided to forbid all gambling.

# OPINION

## Reagan's Policies Subsidize Savagery

By Anthony Lewis

BOSTON — If Americans were asked whether a political cause could justify the deliberate maiming and killing of innocent civilians, most would surely reject the idea. Those are the tactics of terrorism, they would say. That is the indiscriminate brutality of Soviet repression in Afghanistan.

But the United States government today allies itself with forces that use exactly those tactics. It actively supports such forces. And it does so in full knowledge of their brutalities. In the Reagan doctrine the end justifies the means.

Nicaragua and Angola are the current examples. In both, the Reagan administration supports armed groups that are trying to overthrow established left-wing governments. In both, a fundamental tactic of the opposition forces is to terrorize the civilian population.

The Nicaraguan "contras," unable to hit significant military targets, have focused their rage on farms, cooperative settlements and schools in remote rural areas. The result is civilian casualties.

On June 27, contras attacked a cattle cooperative in the village of Comospa. According to reports from the scene later, the attackers threw a grenade into a house, killing two children in their beds — sisters aged 5 and 12. The contras burned five houses and took five residents with them when they left.

Diplomats and U.S. correspondents also report extensive use of land mines. Contras plant the mines in the dirt roads that are the only links to villages in the border areas. By definition, the mines produce indiscriminate casualties.

There was an especially grisly incident on July 2 when a truck was blown up by a mine near El Cua in Jinotega province and 34 people were killed. But many other trucks have been hit. "The contras have gone into mines in a big way," a diplomat in Nicaragua said.

The savagery of the tactics is no secret. Missionaries have been kidnapped and murdered. But none of that has any visible effect on the Reagan administration's policy. Neither does the evidence of corruption among the contra leaders. The only thing that matters is the end: overthrowing the Sandinist government.

In Angola the anti-government force is headed by Jonas Savimbi, a figure who has been on every ideological side during years of trying to make himself Angola's ruler. The Reagan administration hails him as a "freedom fighter."

A report in The Washington Post last week threw fresh light on the character of Mr. Savimbi and his war. It described a particularly revolting atrocity. Last Feb. 8, several hundred soldiers attacked Camabatela in northern Angola, killing 107 villagers. By all available accounts, the attackers were Jonas Savimbi's men. They used bullets, machetes and knives. They killed women, children, a Methodist pastor.

That incident was consistent with the general pattern of Savimbi terrorism. The Savimbi forces plant mines in the productive farming areas of Angola, with the intent — and effect — of driving farmers into the overburdened cities. Thousands of people have lost legs. The International Red Cross has opened a factory to make artificial limbs.

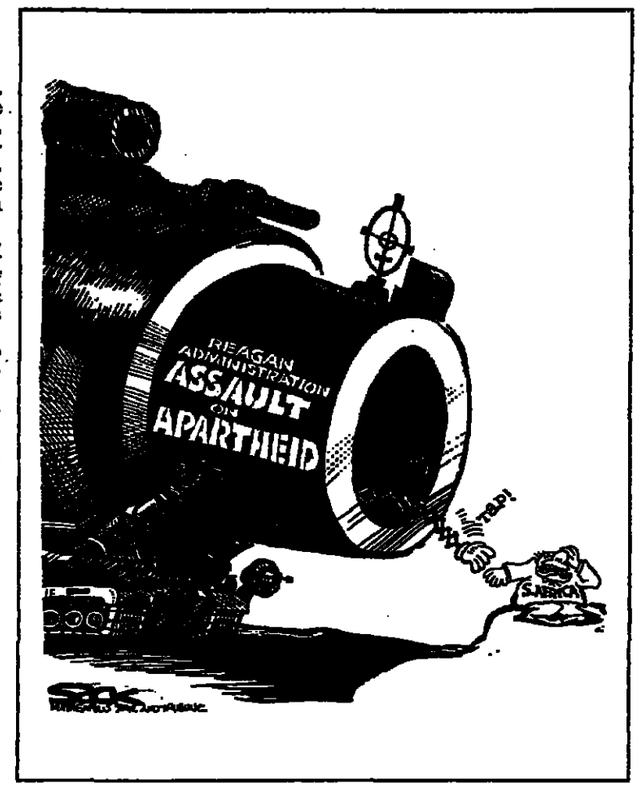
The Savimbi tactics are no secret. Diplomats have been reporting them for a long time. Mr. Savimbi boasts of shooting down civilian airliners. He has taken groups of foreigners as hostages and marched them hundreds of miles.

The Reagan administration shows no embarrassment at any of that. It is evidently proceeding with its planned shipments of military aid to Mr. Savimbi. A story in The Weekly Mail of South Africa says that CIA Director William Casey visited South Africa in March to make plans for that aid.

To fight communism, we are told, America must turn a blind eye to savagery. The irony is that in the long run it is damaging its own interests. The legacy of the Reagan doctrine in Nicaragua and Angola will be anti-Americanism.

Does anyone care? Not many in Mr. Reagan's Washington, evidently. The House of Representatives caved in on aid to the contras in June. In the Senate, even a man as sensible on most issues as Bill Bradley has cast a crucial vote for that aid. But I think the American character will tell in the end, and turn Americans in revulsion from such evil.

*The New York Times.*




## It Was Just a Piece of Sky, But It Redeemed the View

By Val L. Ellicott

NEW YORK — My Manhattan apartment used to offer something resembling a view. It wasn't anything that could be described as panoramic, certainly, but it did include a piece of sky a few blocks to the east that until recently was unobstructed.

People like me who have to eat, sleep and work in the same room notice what

**MEANWHILE**

they can see from their apartment windows. The world outside becomes an extension of living space, a protection against claustrophobia.

That piece of sky was one of the first things I noticed when I moved into the apartment, at 88th Street and Broadway. It hung, blue and inviting, between two buildings located somewhere near 91st Street and Central Park West, a narrow, distant gap in the brick and concrete thicket outside my window.

The only activity I ever saw through that gap was an occasional plane nosing its way up from La Guardia Airport.

Like any piece of uncluttered air in this cluttered city, this one was significant not because of what it made visible but because of the possibilities it suggested. It gave me the sensation of being connected to the world beyond the depressing collage of soot-stained apartment buildings crowded around me.

That small opening hypnotized me with the notion that a precisely aimed cannon could launch me straight through it, shooting me over to the East Side, high above the East River and on toward infinity. Somewhere out there, I used to think, are all the people who will never know that I strain spaghetti through paper towels out of my window, something the people living in the buildings across from mine have seen me do at least a hundred times.

I have a view of their lives, too. I see them playing with their kids, watering their plants, eating dinner. We have become so familiar with each other's daily rituals that I now think of them as roommates one building removed.

This was not my idea of paradise — I am used to a lot of open space — but it seemed tolerable enough until one morning a few months ago when a man I had never met or seen before approached me on Broadway, explained that he was "a neighbor" with a view of my apartment, and asked me to have a drink with him that night.

Suddenly I realized how little privacy I had and how much more I wanted. I started thinking of that bit of sky not as a gap in the crowd of buildings around me but as a gap in the crowd of people around me. I tried keeping my blinds closed as a response to my sudden bout of ochlophobia, but after a few weeks I started missing my semblance of a view, and I raised the blinds.

That is when I realized a building was *going up at the corner. Each week the* concrete framework grew a few floors taller, until it covered the solitary crack in the all-too-familiar Columbus Avenue skyline that admitted blue and a hint of the unknown into my window.

I felt like Fortunato in Edgar Allan Poe's story "The Cask of Amontillado," watching the final brick in his tomb being shoved into place. I wanted to throw my head back and scream as Fortunato must have screamed, mixing despair and outrage into a howl that would echo forever off the building that had ruined my view. I would have, but I was worried someone in the building across from mine might call the police.

The view I have now is of a gray wall of towering buildings. I feel caged, and I'm more aware than ever of the drabness of my surroundings. It occurs to me that the roof of the Claremont Riding Academy on 89th Street would look much better with some carpeting, and the frieze on the laundromat on 88th Street could use a fresh coat of paint. But I doubt that these changes would make much difference. It takes a piece of sky to really make a view.

*The writer, a Pulitzer fellow, contributed this to The New York Times.*

## LETTERS TO THE EDITOR

### Coverage 'Out of Proportion, One-Sided, Misleading'

Your political reports about South Africa are out of proportion, one-sided and misleading. In Europe and America both the public and decision makers overestimate the reported unrest, and this is highly counterproductive to any peaceful development and transition in multiracial South Africa. The struggle against misinformation, prejudices and blind hatred often resembles Don Quixote's fight against the windmills.

Who will rebuild an economically and politically ruined South Africa? Certainly not the journalists who forgot Vietnam after the Communist takeover.

HEINZ F. ROSNER.
Munich.

I have yet to read an article in the International Herald Tribune presenting the position of the government in Pretoria, nor even one word of praise for any aspect of South African life.

S. SMITH.
Paris.

Sanctions mean the destruction of all that has been achieved and will first hit the blacks. The South African government should be nudged and pressured to provide higher education to as many blacks as possible, and to raise their standard of living. Incidentally, this standard is the highest enjoyed by blacks anywhere in Africa.

N.X. YANACOPOULOS.
Geneva.

I read with surprise your reports of U.S. "outrage" over Pretoria's raids on Botswana, Zambia and Zimbabwe in May. Why should these new prophets read their clothes over this minor incident, while they have accepted quietly such deeds of cruelty as those committed by the Soviet Union in Prague, Budapest, Lithuania, Latvia, Estonia, Angola, Mozambique, Afghanistan and Ethiopia and many other ancient and noble nations, today reduced to the state of colonies of Moscow?

L.P. ECHEVARRIA.
Geneva.

There seems to be a conspiracy to downplay the role of the South African Communist Party and its alliance with the African National Congress. The involvement of the Soviet Union in supplying weapons to the ANC is also ignored. Russia is well aware of the advantages it would receive from a Communist conquest. The consequent control of the strategic minerals of the region would tip the balance of power in favor of the Soviet empire.

F.C. RITSCHER.
London.

A report on July 16 quotes Winnie Mandela's view that Prime Minister Margaret Thatcher of Britain "isn't bothered about the blood flowing every day in our country." How bothered can Mrs. Mandela be, who openly boasts that the cause she supports will conquer those who differ from its hard Marxist line with its "matches and necklaces" — surely one of the most barbaric means of execution ever devised by man?

DAVID KRIEL.
Rome.

A family member of our domestic help spent the past weekend with her on our plot outside Pretoria. Noticing an "I Love Soweto" sticker affixed to his car, I expressed my pleasure at the pride he must feel for his hometown, and mentioned that I had also seen "I Love Mamelodi" stickers on other vehicles.

Imagine my rude awakening when I was told that he had been warned to affix the sticker under threat of "necklacing," to signify support for the "comrades" in particular and black radical groups in general in these places.

GUSTAV RADLOFF.
Faerie Glen, South Africa.

*Regarding "Pretoria's Politics of Hegemony," by David Martin and Phyllis Johnson (July 17):*

There is no South African interference in Ethiopia, Guinea, Sudan, Uganda and Tanzania, whose economies are in no better state than those of South Africa's neighbors. Furthermore, it is common knowledge that Angola and Mozambique are governed by Marxist cliques who seized power without the support of any voters (blacks or whites) and that guerrilla fighting is the only way opponents can express themselves.

P. DUMONT.
Paris.

David Martin and Phyllis Johnson might have blamed Pretoria for the repeated coup attempts against Flight Lieutenant Jerry Rawlings in Ghana, the closing of Nigeria's border, the civil war in the Sudan, the poor coffee harvest in Uganda and the many failures of the Organization of African Unity even to meet. Independent Africa is a political and economic failure in its own right.

PETER R. TODOEN.
Hornindal, Norway.

### Like the Fascism of the '40s

With all President Ronald Reagan's talk of promoting human rights, democracy and the whole slew of American ideals he supposedly embraces, one can only conclude from his refusal to take action against Pretoria that such "goals" are merely a front for securing U.S. interests in every corner of the world. Many of his European counterparts similarly refuse to take the minimum of action: imposing economic sanctions. But Europe looks across the Atlantic for affirmation and initiative; these are not forthcoming, and so all remain silent.

The state of emergency allows the authorities to ignore any rights that the people have in theory. One is reminded of the fascism of the 1940s.

AMY FRAENKEL.
Geneva.

With his most recent pronouncements on South Africa, President Reagan has accomplished something the Kremlin has been seeking without success since 1917: He has made Moscow look good.

DONALD ARTHUR.
Bad Füssing, West Germany.

That Mrs. Thatcher finds sanctions moral is validated by her use of them against Poland, Libya and Argentina. Her reasons for finding sanctions against Pretoria immoral are flimsy and contradictory: She says they will hurt the people she wants to help, then adds that they are in any event ineffective.

We can only hope and pray that she does not have the need to visit millions of graves in South Africa one day and say with a tear in her eye: "Everyone should come and see this."

DR. JAYSHREE PILLAYE.
London.

### A Parallel With Israel

While your columnists are jumping on the bandwagon for sanctions against South Africa, they forget that other bogeyman: Israel. Surely the similarities between these two nations should occur to critics of South Africa.

- While imploring South Africa to negotiate with the African National Congress, why not urge Washington to cut aid to Israel until it negotiates with the Palestine Liberation Organization?
- While deploring South Africa's use of terror, what is one to think about Israel's invasion of Lebanon and use of cluster bombs against civilians?
- There are Bantustans in South Africa, but what label should be given to the West Bank and the Gaza Strip?
- They call for one man, one vote in South Africa, but meanwhile how many Israeli Arabs sit in the Knesset?

L. BELL.
Frankfurt.


# TURKEY & EUROPE

## An Economic and Political Perspective
## ISTANBUL
## OCTOBER 6 & 7, 1986

Following Ministerial level meetings this fall between Turkey and representatives of the European Community, The **International Herald Tribune**, the **Atlantic Institute for International Affairs** and the **Foreign Policy Institute** have organized a major international conference "Turkey & Europe: An Economic and Political Perspective".

The Prime Minister, Turgut Ozal, the Minister of Foreign Affairs, Vahit Halefoglu, and the Governor of the Central Bank of Turkey, Yavuz Canevi will all address the meeting. Other *prominent* speakers include, R.Q. Braithwaite, Deputy Under-Secretary, British Foreign and Commonwealth Office, Pierre Vinde, Deputy Secretary General of the OECD, Claus Wreth, Senior Vice President of Deutsche Bank and Lieutenant General Thomas Healy, Chief of Staff, NATO Southern Command.

The conference will focus on current Government policies in Turkey and how they affect trade and investment prospects. The sessions will also review the entire complex of issues affecting Turkey and its relationship with Europe. An important feature of the meeting will be the extensive opportunities for informal discussions with program participants.

Senior executives wishing to register for the conference should complete and return the registration form below.

***Turkish Airlines is the official carrier for the Conference.***

**REGISTRATION INFORMATION**

The conference will be held at the Hilton International Istanbul, Cumhuriyet Cad, Elmadag, Istanbul, Tel.: (90-1) 1314646, Telex: 27027 HIIS TR. A block of rooms has been reserved for delegates at preferential rates. For details, please contact the hotel directly.

The fee for the conference is U.S. $295 or the equivalent in a convertible currency (excluding VAT at 15%). This fee includes conference documentation, lunches and a special dinner at an historical location in Istanbul. Fees are payable in advance and will be returned in full for any cancellation that is postmarked on or before September 17. Cancellations after this date will be charged the full fee.

The sponsors reserve the right to amend the program if necessary.

Herald Tribune

**REGISTRATION FORM**

Please return to International Herald Tribune, Conference Office, 63 Long Acre, London WC2E 9JH, United Kingdom, or telephone (44-1) 836 4802 or telex 262009. Please enroll the following participant for the conference on October 6 & 7.

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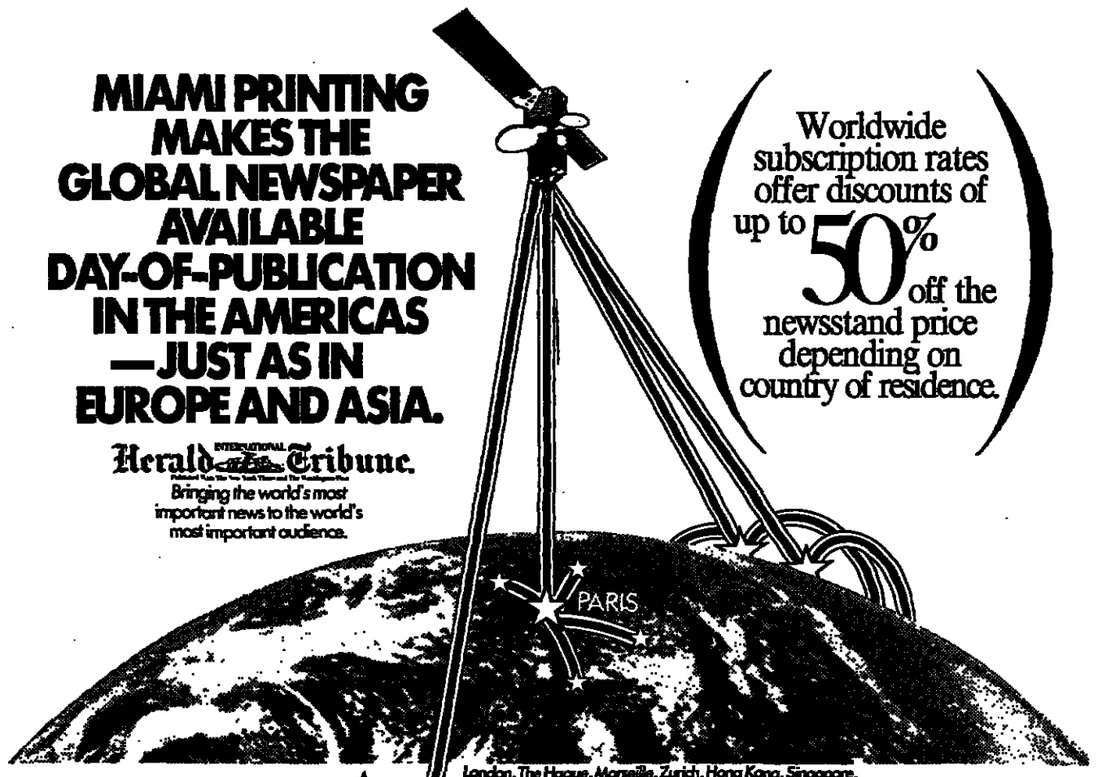


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| ASIA | | 1 year | 3 mos. |
|---|---|---|---|
| Australia | U.S.$ | 310 | 78 |
| Bangladesh | U.S.$ | 265 | 70 |
| Brunei | U.S.$ | 212 | 57 |
| China | U.S.$ | 372 | 93 |
| Guam | U.S.$ | 210 | 52.50 |
| Hong Kong | H.K.$ | 1,085 | 330 |
| India | U.S.$ | 290 | 83 |
| Indonesia | U.S.$ | 292 | 80 |
| Japan | U.S.$ | 406 | 106 |
| Korea | U.S.$ | 190 | 50 |
| Malaysia | M.$ | 445 | 120 |
| Nepal | U.S.$ | 243 | 64 |
| N.Zealand | U.S.$ | 310 | 78 |
| Pakistan | U.S.$ | 262 | 75 |
| Philippines | U.S.$ | 190 | 52 |
| Singapore | S.D.$ | 420 | 120 |
| Sri Lanka | U.S.$ | 280 | 72 |
| Taiwan | U.S.$ | 234 | 66 |
| Thailand | U.S.$ | 185 | 50 |
| Other Asian | U.S.$ | 250 | 65 |
| U.S. Terr. | U.S.$ | 350 | 90 |

| AMERICAS | | 1 year | 6 mos. | 3 mos. |
|---|---|---|---|---|
| N. America | U.S.$ | 297 | 164 | 85 |
| Caribbean | U.S.$ | 297 | 164 | 85 |
| Brazil | U.S.$ | 372 | 186 | 94 |
| Chile | U.S.$ | 540 | 270 | 135 |

| AMERICAS | | 1 year | 6 mos. | 3 mos. |
|---|---|---|---|---|
| Colombia | U.S.$ | 372 | 186 | 94 |
| Peru | U.S.$ | 372 | 186 | 94 |
| Venezuela | U.S.$ | 372 | 186 | 94 |
| Guatemala | U.S.$ | 297 | 164 | 85 |

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# Conflicting Comments Emerge In U.K. Meeting on Apartheid

*The Associated Press*

LONDON — Seven Commonwealth countries, including Britain, have agreed that South Africa has no real intention of dismantling apartheid, the chairman of a conference aimed at formulating punitive sanctions said Sunday.

But British government sources said Prime Minister Margaret Thatcher, virtually alone among leaders of Commonwealth nations in her opposition to severe sanctions, had agreed only that South Africa's progress toward dismantling apartheid was inadequate.

The conflicting comments came after the three-day conference opened and the leaders of Britain, the Bahamas, Australia, Canada, India, Zambia and Zimbabwe gathered for a three-hour closed session.

"It was significant that the heads of government agreed readily no adequate progress had been made" by South Africa, said the prime minister of the Bahamas, Sir Lynden Pindling, the conference chairman.

"Everyone was agreed there was no genuine intention on the part of South Africa to dismantle apartheid," he said after the opening session.

However, British government sources said Mrs. Thatcher's view remained that the South African government was making reforms, though too slowly, and that stringent sanctions would not work.

The conference follows a deadline set at a meeting in the Bahamas in 1985 of the 49-nation Commonwealth, the association of Britain and its former colonies, for South Africa to make radical progress toward ending apartheid by midyear or face punitive sanctions.

Mr. Pindling said "there was no vitriol" on Sunday as the seven leaders heard reports from Commonwealth mediators and the British foreign secretary, Sir Geoffrey Howe, on separate, failed peace missions to South Africa this year.

The conference was scheduled Monday to try to agree on eight specific measures, including a ban on air links.

Earlier, President Kenneth Kaunda of Zambia said there was mutual distrust among the leaders. He demanded the exclusion of Britain from a proposed Commonwealth group to coordinate sanctions with the United States, Western Europe and Japan.

Speaking shortly before the conference opened at the Commonwealth's Marlborough House headquarters, a former royal residence, Mr. Kaunda suggested that Australia, Canada and India comprise the Commonwealth group.

■ **Bomb Kills 5 in Namibia**

The death toll from the bombing of a market in South-West Africa, or Namibia, rose to five Sunday after a woman died from wounds suffered in the attack, according to an official South African report, United Press International reported from Johannesburg.

The Bureau for Information said in Pretoria that a woman identified as Denise Beets died Sunday at a hospital in Windhoek, about 200 miles (about 325 kilometers) east of Walvis Bay, where the bomb exploded Saturday in a crowded meat market.

The disputed territory of Namibia has been ruled by Pretoria since World War I.

Three people were killed instantly in the explosion and more than 20 were wounded. One of the wounded died later Saturday.

The bombing was the worst since since African National Congress rebels bombed a shopping center near Durban on Dec. 23, killing five people and wounded more than 100.

No group claimed responsibility for the bombing in Walvis Bay, a South African port and military base 900 miles northwest of Johannesburg in Namibia.

Police have not identified any suspects, but the blast was believed to be the work of the African National Congress guerrilla group or the South-West Africa Peoples Organization, which has fought for nearly 20 years against South African rule in Namibia.

Also Sunday, the Bureau for Information said unidentified attackers opened fire on two security force officers in Balfour, a black residential area east of Johannesburg, seriously wounding them.

Reuters

Prime Minister Margaret Thatcher and President Kenneth Kaunda in London.

# Salvador Churches Deny Assertions by Informers That They Assist Rebels

*By James LeMoyne*
*New York Times Service*

SAN SALVADOR — The Salvadoran government appears to be engaged in a major confrontation with church officials after repeated accusations by police informers that churches have knowingly aided leftist guerrilla groups.

Senior church officials say they feel increasingly threatened by the assertions, which they contend are part of a government-backed campaign to keep nongovernment groups from working with refugees and in social projects.

"They have accused me of being a Communist," said Medardo Ernesto Gómez, the head of the Lutheran Church in El Salvador, who was arrested and tortured by the police three years ago.

"It worries us, because to call someone a Communist here is practically a death sentence," he said.

In spite of the absence of firm evidence or of a judicial process to investigate the allegations, the accusations by police informers have been widely publicized by the Salvadoran government and by the U.S. Embassy.

In the past, such accusations of ties to the guerrillas have led to political killings.

The confrontation is an indication of the highly politicized nature of human rights in El Salvador, where it can be difficult to find neutral monitors of rights abuses.

Improvements have been reported recently in the treatment of civilians and suspected rebels, including a sharp reduction in killings by death squads, disappearances and incidents of gross physical torture.

But several interviews in the past week with suspected rebels in custody support accounts by reliable human rights investigators and foreign diplomats that the police regularly beat and threaten prisoners and severely deprive them of sleep and food.

In addition, well-documented rights violations continue to go unpunished.

The current allegations against church groups that have been active in defending human rights and helping refugees during the six-year war in El Salvador have been made by three members of human rights groups.

The three, all women, were arrested along with seven other rights workers two months ago.

They have contended in news conferences and interviews that they were members of a clandestine guerrilla group, the National Resistance, and that their main task was not defending human rights, but rather securing assistance for the guerrillas and fabricating abuses by the Salvadoran government.

The seven other rights workers who were arrested have been imprisoned by the government as guerrillas. All say they were beaten and threatened by the police for almost two weeks.

The three arrested women say that because they agreed to talk publicly, they will not be punished. They are Luz Janet Alfaro; her sister, Ana Vilma Alfaro, and Doris Angelica Campos.

They have asserted that senior Roman Catholic, Lutheran and Baptist officials in El Salvador, among others, were aware that human rights groups were funneling food and money donated by churches to the rebels.

They also have contended that some senior church officials are rebels and that the nongovernmental Human Rights Commission is a guerrilla front that falsifies statistics on abuses to defame the government.

Officials of each church cited have denied the allegations. But the effects of the accusations have been felt already.

Five members of the Catholic social welfare office say they have received death threats in recent weeks. A Baptist reportedly fled the country.

In addition, three persons being aided by the Lutheran Church were arrested recently by the secret police.

It is virtually impossible to prove or disprove the claims made by the three women.

In long interviews, they gave detailed accounts of falsifying receipts to deceive church groups into believing that their funds were going to them rather than to the guerrillas.

The Human Rights Commission, to which the two Alfaro sisters belonged, often has seemed to report unusually high numbers of government abuses.

Miss Campos, who belonged to a committee of families whose relatives have been killed or have disappeared, burst into tears in an interview.

She said it was true that she had been a guerrilla but that she had confessed only because the police threatened to harm her 18-year-old daughter.

Some church funds, she added, had been used by the guerrillas and the police seemed to have penetrated urban rebel cells.

But so far no further evidence has been presented to prove the women's accusations or to show that churches were aware that funds might have been misused.

# *American, Russian Sentenced as Violin Smugglers*

By Felicity Barringer
*New York Times Service*

MOSCOW — A U.S. citizen has been convicted in city court of being part of a ring that made about $200,000 by smuggling 18th-century violins out of the country and selling them at auction in the United States, according to Soviet press reports.

The American, Peter D'Oria, a graduate of Fordham University in New York who married a Soviet citizen and now lives in the Soviet Union, was convicted Friday and sentenced to a three-year prison term, the reports said Saturday.

The reports added that he had made $8,000 for his work in the smuggling network, which reached from Moscow to New York and Israel.

An internationally known Soviet violinist, Sergei Dyachenko, was convicted in the same proceeding and was sentenced to a seven-year term, according to the reports.

The three-year-old operation ended, the reports said, when Mr. D'Oria was caught smuggling a falsely labeled violin at Sheremetyevo Airport in Moscow in February.

According to an article in the newspaper Sovetskaya Kultura, Mr. D'Oria and Mr. Dyachenko, both aficionados of musical instruments, befriended each other after Mr. D'Oria settled in Moscow.

While Mr. Dyachenko traveled around the Soviet Union, from Leningrad to the Black Sea resort of Sukhumi, bargaining for old instruments, Mr. D'Oria twice came to the Soviet Union from the United States to provide the false documentation that could be used to smuggle out the valuable violins, according to the newspaper report.

Any travelers arriving in the Soviet Union must fill out a customs declaration listing the money in their possession and all other valuables. On departure, foreign residents must present this form to verify that the valuables being taken out of the country are the ones with which they arrived.

Part of Mr. D'Oria's role in the smuggling, according to the newspaper, was bringing in inexpensive violins and then taking out valuable ones, presenting his customs declaration as documentation.

According to the newspaper article, Mr. D'Oria succeeded in taking out one violin but was caught at customs with another old master in February. A Soviet expert who had been called in by a customs official discovered that the violin was carrying a false imprint.

At the time, Mr. D'Oria he said he was carrying the instrument out as a favor to Mr. Dyachenko, who felt that the Soviet Union did not have the wherewithal or the knowledge to keep valuable instruments from deteriorating with age. Mr. D'Oria said his partner wanted the instruments sent to the West, where they could receive proper care, the article said.

The article said that after the instruments were sold at auction in the United States, the money was passed to an American, who then sent it through intermediaries to an Israeli, with all the intermediaries taking a cut.

When the Israeli received the proceeds, another Soviet collaborator in the smuggling venture got in touch with Mr. Dyachenko and paid him the sale price of the violin, less commissions for all the intermediaries, Sovetskaya Kultura reported.

# ANGOLA: *U.S. Oil Industry Grows Despite Warnings*

(Continued from Page 1)

in early April, only a month after he had returned to Angola with his first shipment of U.S. military aid, his guerrilla forces attacked Chevron's subsidiary in Angola, Cabinda Gulf Oil Co.

Mr. Savimbi said the UNITA attack on an abandoned Chevron pipeline in northern Angola had been deliberately planned to punish the company for statements one of its officers made in Luanda in support of the government.

Mr. Savimbi also used the interview to warn that Chevron must stop making "big statements" in support of Angola, that it must approach him privately and that it must give him assurances that the company would not block UNITA efforts to win more U.S. aid.

"We are not asking them to make any public statement," he said.

In addition, he said, it must keep a low profile like the other companies.

But if Chevron continues "insulting us, then we hit, then we hit. We say it is a wrong thing — you shall not do that!"

In Luanda, however, in another interview in July, the American general manager of Cabinda Gulf, Will M. Lewis, was taking anything but a low-profile position. By funneling aid to Mr. Savimbi, he said, the United States is "backing the young guy here."

Mr. Lewis advocated dumping Mr. Savimbi and urged Reagan administration officials to improve their relations with the Luanda government.

"If they would just establish diplomatic relations and get an embassy here," he said. "Don't they have diplomatic relations with Mozambique?"

He was referring to the fact that both Angola and Mozambique have Marxist governments.

Mr. Lewis was also critical of the administration's decision to freeze loans and guarantees from the U.S. Export-Import Bank to American companies doing business in Angola until Luanda resumed negotiations on a withdrawal of Cuban troops and stopped making war on UNITA.

The decision has forced Cabinda Gulf to turn to the French government for financing to develop a new offshore oil field capable of producing an additional 60,000 barrels a day for Angola, about a 20-percent increase.

Cabinda Gulf officials say it will take $160 million to $180 million to fully develop the Numbi field, which lies about 12 miles offshore.

"We're just cutting the U.S. market out here," said Mr. Lewis, explaining that if the French export-import bank, known as COFACE, provided the financing, Gulf Cabinda would have to do business with French rather than American companies.

"We're talking about a $200-million market here a year, and we're cutting the United States out. French and British companies are taking the place of American companies.

"They are just raking it in because we can't deal with U.S. companies. They can't come up with the financing."

Chevron has just completed negotiations to maintain a 49-percent interest in partnership with the Angolan government in two concession areas farther offshore than its present fields, which stretch 18 miles out from the coast off Cabinda. It has committed itself to drilling 15 to 20 new wells, which cost about $6 million apiece, according to officials of the state-run oil company, SONANGOL.

Chevron and Conoco are not the only well-known American oil companies doing business here. Texaco is the operator of one offshore field and has a stake in another. It has just invested $100 million more in exploration and development of two new finds and has a commitment to drill at least four more wells, SONANGOL officials said.

Scores of American service companies and banks have a stake in the expanding oil industry. Citibank and Bankers Trust have both helped finance the expansion, and Arthur D. Little, the Boston-based consulting firm, provides advice to SONANGOL.

The Equator Bank, a Bahamian company headquartered in Nassau and with a U.S. office in Hartford, Connecticut, is negotiating with local authorities in Namibe province, in far southwestern Angola, to set up a joint company that would export fish, marble and salt.

In the oil sector, the Angolan government has adopted an "open door" policy toward Western companies despite its ideology. It is not insisting on a majority share, such as its stake in Gulf Cabinda, in new exploration and production ventures in the still largely unexplored coastal waters.

The government is allowing groups of foreign companies to form their own joint ventures and inviting them to explore in various offshore "blocks" it has delineated all along the Angolan coast.

Mr. Blackshear of Conoco, a bearded, easy-going Texan, spent two years negotiating, together with the Italian state oil company, Agip, and Spain's Espanoil, an exploration and eventual production-sharing deal with the Angolan government. It has agreed to drill 6 to 10 wells over a three-year period, according to SONANGOL's Mr. Escorcio and his aides.

If the three Western companies strike oil, Conoco will become the operator and the three Western partners will have to hand over a certain percentage of daily production to the government.

Camera Press

Jonas Savimbi

# REHNQUIST: *Nominee's Approval Appears Likely*

(Continued from Page 1)

tice Rehnquist, who was observing the advice lawyers always give clients to answer precisely the question asked and no more.

The questions followed relentless and pointless speechmaking.

While tradition may support a superficial confirmation process, nothing in the law or the constitution requires it.

The argument is that questioning a judge about previous opinions, or the suggestion that a judge might be asked about them some day, will compromise judicial independence by making judges fear for their careers while on the bench.

President Ronald Reagan's executive privilege claim, which would shield Mr. Rehnquist's Justice Department memos from scrutiny, is based on the Supreme Court's ruling in the 1974 Nixon tapes case in which the court for the first time recognized something called executive privilege.

The fact that such a claim exists in law, however, does not require its assertion by the administration much less require the Senate to bow to it.

The Senate is fortunate in Justice Rehnquist's case that he has been on the court for the last 15 years, leaving a clear record of his views on major issues.

The hearings, if not especially enlightening, were sometimes startling. First there were the shouting matches among the senators to keep everyone awake.

Then there was the abortion rights advocate who testified against Justice Rehnquist. She took the opportunity to announce for the first time publicly, she said, that when she was younger she had once nearly died after undergoing an illegal abortion.

There was an exchange between the 83-year-old Senate Judiciary Committee chairman, Strom Thurmond, Republican of South Carolina, and Jeffrey Levi, head of the National Gay and Lesbian Task Force.

Mr. Levi had just testified about Justice Rehnquist but Mr. Thurmond wanted to know about homosexuals. First the senator said he was "shocked" to hear Mr. Levi's estimate that 10 percent of adult Americans were homosexual or bisexual.

Mr. Thurmond asked: "Does your organization advocate or have *any kind of treatment program for* gays and lesbians to change them so they'd be like normal people?"

Mr. Levi replied: "We consider ourselves to be quite normal."

"You don't think gays or lesbians are subject to change?" Mr. Thurmond insisted. "You don't think they could be converted so they could be like other people?"

"We are like other people," Mr. Levi said, "with one small exception."

"That's a small exception?" Mr. Thurmond replied. "That's a pretty big exception, isn't it?"

# VODKA: *Russians Go Without*

(Continued from Page 1)

per Izvestia, the smell was so strong that "even the hens were staggering around drunk."

Pharmacies have reported a run on eau de cologne. Last winter, there were published reports of deaths due to the theft of "bowls and buckets" of methanol alcohol from a Moscow chemical plant. The number of people poisoned by it was never made public, but one top toxicologist reported that there were so many patients that the hospital ran out of the appropriate drugs.

For Russians who enjoy their vodka in moderation, the campaign has been an added burden. Few have the time or the inclination to stand in line, and they resent having to when all they want is a bottle for a special occasion.

"People are tired of having first one thing taken away from them, then another, of being made to feel they have to prove that they are not alcoholics," said one health-care professional.

Since the new anti-drinking laws went into effect on June 1, 1985, efforts have been made to make sobriety fashionable. Hard liquor has vanished from official receptions, a new magazine called "Sobriety and Culture" has appeared on the newsstands and drinking scenes have been snipped from movies.

The campaign has had positive results, as Mr. Gorbachev pointed out during his curbside chat in Vladivostok last week. He said the number of accidental deaths has been reduced by 20 percent and divorces have decreased.

"Women write me that at last the father sees his children, and, 'we see our husbands,' " he said.

# SOUTH AFRICA: *Poll Results*

(Continued from Page 1)

lence, and 1 percent said he should not be freed at all. Seventeen percent said they had no opinion or had not heard of him.

One original feature of the poll was that it provided distinctions between the views of urban and rural blacks. For example, 91 percent of urban blacks but just 75 percent of rural blacks said they were "very unhappy" with apartheid. About 56 percent of the country's blacks live in rural areas.

About twice as many urban as rural blacks said violence was justified to change the system in their country, although majorities of both groups said they opposed violence. In urban areas, 43 percent said violence was justified and 55 percent said it was not. In rural areas, 23 percent said it was justified and 68 percent said it was not.

Another significant finding among blacks was that when they were asked if they would prefer to have a black from another tribe as president of South Africa or prefer to have a white president, 63 percent said they would prefer a black from another tribe. Sixteen percent said they would prefer a white.

Asked to choose a black for president, 44 percent picked Mr. Mandela, while 16 percent favored Chief Gatsha Buthelezi, the Zulu leader. Thirteen percent chose Bishop Desmond M. Tutu, and 10 percent chose the current white president, Pieter W. Botha.

# ARMS: *Reagan Sees the 'Opportunity of a Generation'*

(Continued from Page 1)

that the new Soviet leadership is serious about reducing nuclear weapons instead of simply stirring up world opinion against SDI, popularly known as "star wars."

Another is Mr. Reagan's new willingness to consider some restrictions on deploying a missile defense, which he has expressed to his aides as well as to Mr. Gorbachev in the recent letter.

But Mr. Reagan's advisers acknowledge that to achieve an agreement the president must for the first time resolve the destructive quarrels between his arms control advisers.

In the past, aides said, the president has tried to settle irreconcilable differences between State Department and Defense Department arms control specialists by splitting the difference between them.

"Decisions go half one way, half another, so in the end it is incoherent," said an official, adding that because "no one lays down the law" these specialists find themselves returning to fight over issues that supposedly had been settled.

Richard N. Perle, the assistant secretary of defense for international security policy, is widely regarded by supporters and critics as the most effective arms control specialist in the Reagan administration.

He has often been portrayed as blocking initiatives started by other officials with proposals of his own that caught the president's fancy but were totally unacceptable to the Russians.

Mr. Perle's foes say he has never met an arms control agreement he likes, but he insists that his real objective is "a good agreement" that is verifiable and diminishes the national security burden for both sides.

There are also differences of opinion about the role of Defense Secretary Caspar W. Weinberger, a longtime Reagan loyalist who has said he shares the president's desire for a "good" arms agreement. A number of administration officials remain skeptical.

"'Cap' remains an obstacle, not necessarily insurmountable," said a White House official. "You'd have to drag him kicking and screaming into an agreement."

The key player, however, is the president, whose unique way of looking at these issues has colored the policy-making process.

All participants in the debate, for instance, know that they must take seriously his insistence that he would share a "star wars" system with the Russians, even though both liberals and conservatives have questioned whether any future president would actually give away such valuable technology.

Mr. Reagan, however, remains committed to the idea, and he made it part of his latest letter to Mr. Gorbachev.

# FACTION: *Guerrilla Suspect Held*

(Continued from Page 1)

receipts indicating he had spent the previous two nights in a Bingerbruck youth hostel under another name, Mr. Prechtel said.

Ms. Hanle-Frimpong's pistol was stolen in a November 1984 raid by the Red Army Faction on a weapons store near Ludwigshafen, Mr. Prechtel said.

She also had two forged Belgian identification cards with her and a West German passport under another name.

The police have said Ms. Hanle-Frimpong's fingerprints were found in apartments in Frankfurt, Offenbach, Tübingen and Karlsruhe, where Red Army Faction members met to plan attacks.

In July 1984, her fingerprints were discovered on documents from the Frankfurt apartment that detailed the layout of a U.S. barracks in Reichersbeuren, Bavaria. An arson was committed there in May of this year.

"We are now trying to find out where she last lived," Mr. Prechtel said. He said the authorities suspected that she had been in the area of the Rhine and Main rivers "and perhaps was also planning something."

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Herald Tribune
INTERNATIONAL

# BUSINESS/FINANCE

MONDAY, AUGUST 4, 1986 * Page 7

EUROBONDS

## FRNs Assure Market Flow Amid Doubt Over Rates

By SUSAN LAIT
*International Herald Tribune*

LONDON — With the fixed-rate Eurobond market suffering last week from uncertainty over movements in interest rates, it was left to the floating-rate notes to keep the market flowing after the previous week's flurry. Although prices were slightly depressed last week because of a recent large volume of paper, FRNs still appeared more attractive than fixed-rate issues.

Several reasons could explain it. The Federal Reserve is likely to ease credit policy further in the coming months, probably from 6 percent to 5.5 percent, to keep the economy from "slumping."

This, together with the continuing fall in the U.S. Treasury key long bond, means growing uncertainty for dealers. They are worrying that the dollar's decline against other currencies may discourage foreigners, particularly the Japanese, from buying the new Treasury securities.

Those factors and the general lethargy in the market raise doubts about how successful the Treasury auctions may be. It is felt that the market will remain fairly quiet until the auctions begin next week.

FRNs are more liquid and a safer hedge against higher interest rates. A lack of quality paper has bolstered prices, especially this year, following a large-scale redemption of FRNs that borrowers consider too expensive.

Among the FRN bonds launched last week, Den Norske Creditbank brought a novel issue to the market.

Taking advantage of the relative strength in this market, DNC issued a $300-million, 10-year FRN that can be converted into a perpetual note to add to the borrower's stock of primary capital. The 10-year notes pay interest at the six-month London interbank offered rate flat, slightly below the level of similar FRNs. The undated FRNs are marginally more expensive at 0.15 percent, or 15 basis points, above six-month Libor, though the price is more generous than recent perpetual issues.

THE NOTES can be converted into perpetual notes at the issuer's option in minimum amounts of $100 million. The issue got a mixed reaction when it was launched, proving to be less popular than the previous week's batch of FRNs.

The cheapest undated FRN for any borrower in the market last week, with underwriting fees of only 20 basis points, was launched for Lloyds Bank PLC. Demand was perhaps surprisingly strong for the $600-million perpetual bond, paying 10 basis points above Libor, and the issue met with a positive response.

The issue came as a relief after the Canadian borrowers' 99-year FRNs of the previous week, which contained clauses allowing a reduction of the coupons in the event of a cut in the banks' dividends. Under Bank of England regulations, this FRN qualifies as primary capital.

It is hoped that the issue will boost Lloyd's capital base, prompting it to move from the more traditional form of lending into the more competitive securities market. Another British bank, Morgan Grenfell Group PLC, came to the FRN market Friday with a perpetual note that carried an adjustable variable coupon.

The coupon pays 50 basis points over six-month Libor in the first five years, 37.5 points in the following five years and 25 points thereafter.

Another variety of FRNs came from Centrust Savings Bank, which was offering $200 million, 10-year collateralized bonds paying six-month Libor plus three basis points. The lead manager, Banque Paribas capital markets, hoped the issue would attract investors who expect the market to grow for this type of instrument and thereby make a capital gain. But the issue offered a slim

See EUROBONDS, Page 9

### Eurobond Yields
**For Week Ended July 30**

| | |
|---|---|
| U.S.$ lg term, Int'l inst. | 8.53 % |
| U.S.$ long term, ind. | 8.70 % |
| U.S.$ medium term, ind. | 8.76 % |
| Can.$ medium term | 9.71 % |
| Aus.$ medium term | 13.87 % |
| French Fr. short term | 8.38 % |
| Sterling medium term | 9.92 % |
| Yen medium term, Int'l inst. | 5.87 % |
| Yen lg term, Int'l inst. | 6.09 % |
| NZ$ short term | 16.47 % |
| ECU short term | 7.31 % |
| ECU medium term | 7.95 % |
| ECU long term | 8.02 % |

*Calculated by the Luxembourg Stock Exchange.*

### Market Turnover
**For Week Ended Aug. 1**
(Millions of U.S. Dollars)

| | Total | Dollar | Non-dollar Equivalent |
|---|---|---|---|
| Cedel | 20,639.40 | 12,909.40 | 7,730.00 |
| Euroclear | 44,813.80 | 35,201.40 | 9,612.20 |

# U.S., EC Still Split On Pasta

## *Brussels Talks Reach No Accord*

By Steven J. Dryden
*International Herald Tribune*

BRUSSELS — The U.S. trade representative, Clayton K. Yeutter, and senior European Community officials failed to resolve the U.S.-EC "pasta war" in talks that ended Sunday.

Officials on both sides said progress was made in two days of negotiations, although none of the major issues were settled. They said they would resume contacts this week after consultations in Washington and Brussels.

The EC trade commissioner, Willy de Clercq, said in a statement that the outcome left him concerned about the "real risk of a major conflict between the European Community and United States," several weeks before the opening of new multilateral trade negotiations in Punta del Este, Uruguay.

Mr. Yeutter made no comment before returning to Washington, but it appeared that the United States was willing to see whether further contacts this week could solve the dispute.

If no solution is found, the United States will evidently consider escalating the dispute with further *retaliatory moves against community exports.* The EC has said it would then take equivalent action against U.S. products.

"We're still trying to reach an agreement," a U.S. source said. "But the climate in Washington is not good. There is pressure on the administration" on trade issues.

The Reagan administration had set a deadline of last Friday for a settlement.

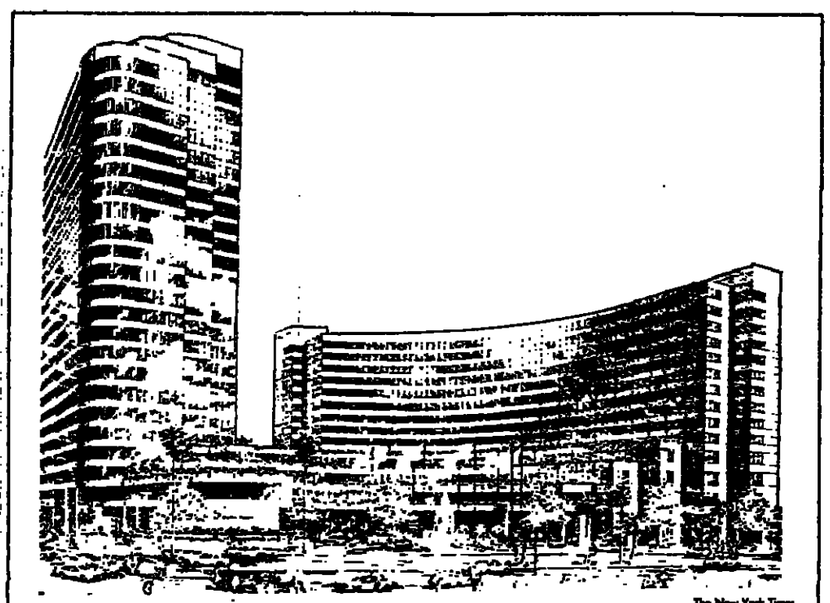
The pasta dispute has assumed wider significance for both sides because it is holding up the U.S. signature on an accord on EC semi-finished steel exports. While the accord remains unsigned, the community has maintained retaliatory quotas on several U.S. exports.

A resolution of the pasta dispute would also bring a semblance of trade peace to relations between Washington and Brussels, which have been strained this year by major conflicts over agricultural trade.

The pasta conflict broke out last year after the United States took retaliatory action over a separate issue, the preferential tariffs the EC grants to citrus exports from Mediterranean countries.

The United States claims the tariffs are inconsistent with the rules of the General Agreement on Tariffs and Trade, and have hurt American citrus exporters. The EC says the tariffs must be seen as part of its aid program for economically weak Mediterranean countries.

In November, after negotiations failed to settle the dispute, the United States raised tariffs on EC pasta exports by 25 percent to 40 percent, and the community retaliated with higher tariffs on U.S. lemons and walnuts.



The New York Times

A $145-million project in Long Beach, California, in which Taisei Corp. is participating.

# *Japan Taps U.S. Building Market*

By Robert A. Bennett
*New York Times Service*

NEW YORK — Under the hot Arizona sun, a team of Japanese engineers watched as a huge, white-and-red "mole" was lowered into a vast hole. The Japanese-made machine was positioned to dig three huge drainage tunnels for the last leg of I-10, the interstate highway that will link Los Angeles with Florida.

Today, three years later, the tunneling job is about complete. The engineers, employees of Obayashi Gumi Ltd., one of Japan's biggest construction companies, are back in Tokyo. The remaining work on the tunnels is in the hands of Obayashi's American partners.

But the tunnels remain a symbol of Japan's inroads into the U.S. construction market.

The Japanese share of this market reached $1.7 billion last year, more than double the $700 million of 1984, according to Engineering News-Record, an industry publication. This year, the companies may capture $4 billion of the more than $100 billion in American contracts.

Indeed, some industry analysts say the handful of Japanese companies operating in the United States may hasten a shakeout among the 80,000 domestic contractors.

For the Japanese, the drive into America may be a necessity. "They had been competing in the Third World, but that market has collapsed, and now they're looking at America," said Fred Moavenzadeh, professor of engineering at the Massachusetts Institute of Technology.

Once in the United States, the Japanese can use their tremendous financial muscle and other ties to Japanese industry to outbid U.S. construction companies and win multimillion-dollar contracts. They are also able to ride the crest of Japan's reputation for producing high-quality products.

"There is a perception among many Americans that if they hire a Japanese company, they'll get better quality control," said Martin J. Suomi, the director of the New Jersey-based subsidiary of Kajima Corp., the most active Japanese construction company in the United States.

Some major U.S. construction companies are bitter about the growing Japanese challenge, complaining that American builders are being locked out of big contracts in Japan.

But other American builders, large and small, think differently — often because they have profited by teaming up with Japanese companies that can provide them with financial muscle and access to new technology.

"It's a two-way street," said John P. Boone, senior vice presi-

See BUILDERS, Page 9

# U.S. Pressure Grows for Bonn To Ease Credit

By Warren Getler
*International Herald Tribune*

FRANKFURT — The Deutsche mark will continue to appreciate against the dollar unless Bonn eases its monetary policy, a senior U.S. administration official has said.

"If the German government continues its present policies and keeps relatively high interest rates, you will see the Deutsche mark continue to strengthen" against the dollar, said the official, who is close to Treasury Secretary James A. Baker 3d.

"We felt there was a good chance that Germany would follow the last cut in the U.S. discount rate," the official added in an interview late Friday. "Because there's been no response at all, one can hardly be surprised that its currency is strengthening."

West German central bank officials are conceding privately that a further drop in the dollar could tip the Bundesbank's hand in coming weeks toward lowering its discount rate, currently at 3.5 percent, to 3 percent.

The Bundesbank president, Karl Otto Pöhl, is understood to be flexible on the possibility of a rate cut while his deputy, Helmut Schlesinger, has emerged as a hard-liner who insists that rates and monetary growth targets remain unchanged.

The Bundesbank's policy-making council reconvenes Aug. 14 following a four-week summer break. According to experts who track its policies, the central bank would point to external imperatives in justifying a rate cut. Recent speeches by senior officials have made it clear that the Bundesbank sees no domestic grounds for an easing of monetary policy.

A decision on a rate cut possibly could come at the Aug. 14 meeting or at the following session at the end of the month.

Market analysts in Frankfurt predict that the dollar is set to slide from current levels, around 2.09 DM, to 2 DM, a level that was last reached in December 1980.

Analysts said that the unilateral decision by the U.S. Federal Reserve to trim its benchmark discount rate last month made investment in mark- or yen-denominated assets relatively more attractive and contributed to the rapid appreciation of both currencies against the dollar.

The dollar, also weakened by a spate of disappointing U.S. economic data, closed Friday in Frankfurt at 2.08 DM, down 7 pfennigs from the previous Friday's fixing of 2.15 DM.

The West German press reported over the weekend that several leading West German commercial bankers, including Walter Seipp, chairman of Commerzbank AG, and Ludwig Huber, president of Bayerische Landesbank, had called on the Bundesbank to lower its discount rate to avoid exacerbating transatlantic tensions over economic policy.

Mr. Huber said he saw "no risk" in the economy absorbing a half-point rate cut by the Bundesbank. The Bundesbank last cut its discount rate, the rate at which commercial banks can borrow funds using Treasury bills as collateral, on March 6, to 3.5 percent from 4 percent.

The most recent cut in the discount rate to 3 percent came in December 1977, where the rate was held until it was raised to 4 percent in March 1979.

The chairman of the Federal Reserve Board, Paul A. Volcker, warned in congressional testimony late last month that a policy in

See BONN, Page 9

# Australia to Mint Gold Coins as Substitute for Krugerrand

By Michael Richardson
*International Herald Tribune*

PERTH, Australia — Australia has joined a growing list of countries that will mint official gold coins for international sale as an alternative to the South African Krugerrand, which has been banned by most major consuming nations to protest apartheid.

Brian Burke, premier of Western Australia, left Perth on Saturday with a team of officials to promote the new bullion coins in Western Europe, the United States and east Asia. The project has the backing of the federal government in Canberra.

An executive order from President Ronald Reagan outlawed the import of new Krugerrands to the United States as of Oct. 11, 1985, and by the end of the year imports were banned in many other states in Europe and Asia.

Countries planning to issue gold coins this year or shortly thereafter include Japan, the United States, Brazil and Luxembourg, as well as Australia.

At present, Canada's maple leaf coin is the main alternative to the Krugerrand available to international investors.

Dealers say that largely because of the power of the anti-apartheid lobby, the maple leaf has eclipsed the Krugerrand in the past few years to become the largest selling bullion investment coin.

Production of Krugerrands ceased last year. Only 24 metric tons (26.5 short tons) were made before the shutdown, well down on the 74 tons in 1984.

Dealers report that 66 tons of the Canadian maple leaf coins were struck in 1985, up from 36 tons the previous year, while sales doubled to 60 tons.

The first of the Australian coins for commercial sale was struck at the Perth mint late last week.

A limited minting of proof coins will be sold next month by mail order to Australian and overseas collectors.

The standard one-ounce, half-ounce, quarter-ounce and one-tenth of an ounce coins, each of which will feature one of four famous Australian gold nuggets, will be released early in 1986.

Australia is the non-Communist world's fastest-growing gold producer. Output nearly doubled from 39.1 metric tons in 1984 to 57 million tons last year.

Western Australian government officials expect that figure to rise to more than 100 tons by 1988, putting Australia ahead of Canada, the United States and Brazil in gold production. Mines in Western Australia account for about 80 percent of Australian output.

South Africa was by far the biggest non-Communist producer in 1985, with an output of 673.3 million tons, followed by Canada with 86 million, the United States 79 million and Brazil 63.3 million tons.

Michael Naylor, director of the Australian gold bullion program, said that the initial annual production of 300,000 ounces of the Australian coins would be "quite modest." But he said that the bullion program aimed to develop other products such as bars, wafers and numismatic coins for sale abroad.

In meetings with bankers and gold dealers in London, Frankfurt, Zurich, Paris, the United States and Hong Kong in the next three weeks, Mr. Burke and his delegation will outline plans to make Perth a center for bullion trading in the Asia-Pacific region, acting as a bridge across the time-zone difference between the London market and Comex in the United States.

Some gold dealers believe the international gold coin market will quickly become saturated when U.S., Japanese and other production becomes available late this year and early next.

They note that the amount of gold used in the manufacture of official coins fell by 14 percent to 108 tons in 1985, continuing a downward trend that started in 1984.

Sales of coins last year dropped more steeply by 23 percent to 106 tons, they add.

However, Western Australian officials say they believe that the recent rise in the gold price to over $360 an ounce, its highest level in more than two years, marks a renewed international interest in gold as a hedge against political, economic and financial trouble, and that this will sustain substantial increases in sales of gold coins.

# Last Week's Markets

*All figures are as of close of trading Friday*

### Stock Indexes

| United States | Last Wk. | Prev.Wk. | Chge |
|---|---|---|---|
| DJ Indus. | 1,763.64 | 1,810.04 | —2.63 % |
| DJ Util. | 203.28 | 207.45 | —2.05 % |
| DJ Trans. | 713.00 | 720.50 | —1.05 % |
| S&P 100 | 220.46 | 226.14 | —2.58 % |
| S&P 500 | 234.91 | 240.22 | —2.26 % |
| NYSE Cp. | 135.29 | 138.40 | —2.30 % |
| **Britain** | | | |
| FTSE 100 | 1,559.80 | 1,541.50 | +1.13 % |
| FT 30 | 1,272.00 | 1,260.30 | +0.93 % |
| **Hong Kong** | | | |
| Hang Seng | 1,874.11 | 1,843.00 | +1.69 % |
| **Japan** | | | |
| Nikkei 225 | 17,221.93 | 18,050.40 | —4.20 % |
| **West Germany** | | | |
| Commerzbk | 1,830.10 | 1,851.70 | —1.18 % |

*Source: James Capel & Co., London.*

### Money Rates

| United States | Last Wk. | Prev.Wk. |
|---|---|---|
| Discount rate | 6 | 6 |
| Federal funds rate | 6¼ | 6 5/16 |
| Prime rate | 8 | 8 |
| **Japan** | | |
| Discount | 3½ | 3½ |
| Call money | 4½ | 4 9/16 |
| 60-day interbank | 4 11/16 | 4 11/16 |
| **West Germany** | | |
| Lombard | 5½ | 5½ |
| Overnight | 4.70 | 4.60 |
| 1-month interbank | 4.70 | 4.65 |
| **Britain** | | |
| Bank base rate | 10 | 10 |
| Call money | 9⅝ | 9⅝ |
| 3-month interbank | 9⅝ | 9 15/32 |

| Dollar | Last Wk. | Prev.Wk. | Chge |
|---|---|---|---|
| Bk Engl Index | 108.00 | 110.60 | —2.33 % |
| **Gold** | | | |
| London p.m. fix $ | 361.00 | 347.90 | +3.77 % |

# Currency Rates

### Cross Rates
*Aug. 1*

| | $ | £ | D.M. | F.Fr. | Fl. | Ghtr. | B.Fr. | S.Fr. | Yen |
|---|---|---|---|---|---|---|---|---|---|
| Amsterdam | 2.347 | 3.885 | 112.73 * | 34.47 * | 6.164 * | — | 5.441 * | 140.835 * | 152.16 y |
| Brussels(a) | 43.1225 | 64.225 | 20.7085 | 6.366 | 3.814 * | 18.376 | — | 25.918 | 28.1125 * |
| Frankfurt | 2.0834 | 3.107 | — | 30.775 * | 1.455 x | 88.715 * | 4.859 * | 124.97 * | 1.388 * |
| London (b) | 1.495 | — | 3.0925 | 10.0645 | 2.126.00 | 5.4858 | 63.995 | 2.4872 | 238.44 |
| Milan | 1,438.15 | 2,135.90 | 687.30 | 213.31 | — | 859.78 | 39.192 | 859.45 | 9.33 |
| New York(c) | — | 0.6748 # | 2.8855 | 4.7875 | 1,434.00 | 2.353 | 43.255 | 1.4725 | 154.025 |
| Paris | 4.768 | 10.715 | 3.2525 | — | 4.7265 x | 2.2855 | 15.71 * | 4.0725 | 4.4145 * |
| Tokyo | 154.85 | 230.15 | 73.64 | 22.66 | 10.24 * | 65.32 | 355.69 * | 92.88 | — |
| Zurich | | | | | Closed | | | | |
| 1 ECU | 1.8156 | 0.6803 | 2.1727 | 6.6713 | 1,451.16 | 2.1727 | 13.7488 | 1.6916 | 165.749 |
| 1 SDR | 1.20636 | 0.8092 | 2.61339 | 11.16444 | N.Q. | 2.8313 | 52.8213 | 2.0343 | 185.77 |

*Closings in London and Zurich. Rates in other European centers. New York rates at 4 P.M. (a) Commercial franc (b) Amounts needed to buy one pound (c) Amounts needed to buy one dollar (*) Units of 100 (x) Units of 1,000 (y) Units of 10,000 N.Q.: not quoted; N.A.: not available. (#) To buy one pound: $1.5145.*

### Other Dollar Values

| Currency per | U.S.$ | Currency per | U.S.$ | Currency per | U.S.$ | Currency per | U.S.$ |
|---|---|---|---|---|---|---|---|
| Argen. austral | 0.87 | Fin. markka | 4.9855 | Mex. peso | 447.00 | Soviet ruble | 0.688 |
| Austral. $ | 1.4941 | Greek drac. | 134.25 | Norw. krone | 7.3975 | Spish. peseta | 135.45 |
| Austr. schill. | 14.68 | Hong Kong $ | 7.8045 | Phil. peso | 20.42 | Swed. krona | 6.943 |
| Belg. fin. fr. | 43.40 | Indian rupee | 12.56 | Port. escudo | 146.60 | Taiwan $ | 28.81 |
| Brazil cruz. | 14.91 | Indo. rupiah | 1,121.00 | Saudi riyal | 3.7535 | Thai baht | 26.895 |
| Canadian $ | 1.3009 | Irish £ | 0.705 | Sing. $ | 2.1745 | Turkish lira | 674.50 |
| Chinese yuan | 3.7836 | Israeli shek. | 1.495 | S. Afr. rand | 2.5125 | UAE dirham | 3.6728 |
| Danish krone | 7.855 | Kuwaiti dinar | 0.2893 | S. Kor. won | 861.60 | Venez. bolív. | 19.00 |
| Egypt. pound | 1.35 | Malay. ring. | 2.6515 | | | | |

*£ Sterling: 1.8449 Irish £*

*Sources: Banque du Benelux (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); BAII (dinar, rival, dirham); Giobank (ruble). Other data from Reuters and AP.*

## To Our Readers

Beginning today, a weekly table of U.S. Treasury bonds will be published in statistical pages of Monday editions, under the heading "Treasury Bonds." It will replace the weekly U.S. Treasury bill table. Treasury bill data will continue to be published on other days of the week under the "U.S. Treasuries" heading.

Because of computer problems, the World Stocks in Review item is not available today. We regret the inconvenience to readers.

# *Irish Pound Is Devalued In the EMS*

*Compiled by Our Staff From Dispatches*

BRUSSELS — Ireland devalued its pound by 8 percent Saturday against European Monetary System currencies in an attempt to increase its exports by making them cheaper, especially in Britain.

The devaluation against the seven other currencies with exchange rates fixed by the EMS was announced in Brussels.

The new rate will be 0.764976 pound to one European Currency Unit, compared with 0.712956 previously. The ECU is a standardized credit used for trade payments.

Monetary officials and international bankers say the devaluation is the latest example of currency unrest caused by falling oil prices and the failure of oil producers to agree on steps to stabilize oil markets.

The move means the Irish pound will lose approximately 8 percent of its previous value in relation to the German mark, the French franc, the Italian lira and the currencies of Belgium, the Netherlands, Greece and Norway, the other monetary system members.

The Irish pound is also expected to lose value against the free-floating U.S. dollar and the British pound when currency markets reopen Monday, bankers say.

How much it will depreciate against those two currencies is hard to forecast, because the dollar and the pound have themselves been losing value.

It was the second devaluation of the Irish pound since the EMS came into force in 1979. It was devalued by 3.5 percent against the alliance's central rate during a realignment of currencies on March 21, 1983. The last realignment was in April.

Analysts said the devaluation did not mean a general realignment of the EMS was imminent. "It is a technical operation," said one source. *(NYT, AP)*

# OPEC Ministers Dispute Size of Production Cuts

*Agence France-Presse*

GENEVA — Ministers of the Organization of Petroleum Exporting Countries remained bogged down in bargaining here late Sunday over the size of "volumtary" production cuts by the 13 member nations of the cartel to ease the pressure on crude oil prices.

There were contradictory reports on the tenor of a series of heated discussions conducted throughout the day in the privacy of ministerial suites at a large Geneva hotel.

According to some sources, all-day consultations involving Mr. Subroto, Indonesia's energy minister, who was acting as a "mediator" inside the organization, produced little concrete progress toward a consensus on cutbacks of a sufficient size to exert any significant impact on the volatile markets.

Other sources suggested that Mr. Subroto's efforts were now aimed at achieving a 2.7-million barrel a day reduction from an estimated July OPEC production level of 20.3 million, presumably from next September.

Analysts said this would clearly require an additional effort by Saudi Arabia, Kuwait and other rich Gulf producers, accused by several delegates of "blocking" the talks.

And they stressed that additional reductions, either by OPEC or non-OPEC producers, would be needed to remove an estimated oversupply of over 3 million barrels a day during the current quarter.

Over the weekend, the Saudis tentatively pledged a cut of 0.8 million barrels a day, but African officials said Sunday their partners were seeking to persuade them to accept a 1.4-million reduction.

This would take Saudi output down to about 5 million barrels a day, the level considered as Saudi Arabia's quota under a 17.5-million production ceiling adopted by OPEC as far back as March 1983.

However, the Venezuelan minister, Arturo Hernandez Grisanti, suggested Sunday night that no decision had so far been reached on a target production ceiling, at least as far as he was concerned.

Asserting that Venezuela was not prepared to allow its output to drop below the level of 9.72 percent of the OPEC total, he said the Venezuelan cut could only be a "symbolic" one, which would be decided "once we have seen what offers are made by those who have exceeded their quotas."

"There's just too much crude on the markets, with dozens of very large crude carriers on the seas which cannot find buyers," a trader watching the talks in Geneva said.

He foresaw a slide in spot or free market rates in London Monday morning unless some "positive signals" emerged from a scheduled closed Sunday night session of the 13 ministers in the hotel suite of OPEC's president, Rilwanu Lukman of Nigeria.

Western oil industry experts said that if eight days of intensive talks failed to produce concrete results, this would also affect "paper" trading in futures contracts on the New York Mercantile Exchange, which has played a significant part in depressing crude prices over the past seven months.

Several ministers said they expected the conference to wind up Monday.

■ **Algeria Pessimistic**

Earlier, the Algerian oil minister, Belkacem Nabi, said there was "very little hope" the 13 ministers would produce an accord, The New York Times reported.

Industry analysts say collapse of the meeting could depress oil prices to the $5-a-barrel range, with troubling consequences for the world economy and the shape of Middle Eastern politics, including the conduct of the six-year Iran-Iraq war.

## *Italian-Soviet Contract Signed for $45 Million*

*Reuters*

MOSCOW — The Italian machinery-building and equipment company Fata SpA has signed a contract worth about $45 million to construct a food packaging plant in the Soviet Union, Italian Embassy officials said Saturday.

Tass said the factory would be at Kuban, near the Black Sea. It said the contract, with the foreign trade association Prommashimport, was the largest of its kind signed by a Western concern in recent years.


# Republic of Ecuador

## International Call for Bids to State-owned Oil Companies

For service contracts in exploration and exploitation of hydrocarbons in the Republic of Ecuador.

**THE ECUADOR STATE PETROLEUM CORPORATION, CEPE.**

Duly authorized by the special bidding commitee invites state-owned companies (according to the laws of the country of incorporation), associations or consortia formed among themselves to participate in the following special bids:
— Amazon region (on-shore), special bids numbers: 006-CEL-86 FOR BLOCK NO. 9
007-CEL-86 FOR BLOCK NO. 14

Each of the above blocks has an area of 200,000 hectares.

The corresponding legal documents, the bases for contract, the proforma of the contrat, the general instructions for bidders (which must be used to submit the proposals), the technical and economic requirements and the information for each block will will be handed over to the interested parties Monday 4th August, by CEPE's petroleum contracting unit at the following address:

AVENIDA COLON Nº 1021, FLOOR 8
EDIFICIO BANCO CONTINENTAL
TELEX 2861 CEPE ED
TELEPHONES 544-939, 551-888 AND 544-800
P.O. BOX 5007 OR 5008
QUITO-ECUADOR

Upon the previous payment of the non-refundable registration and participation fee of U.S. $50,000 (fifty thousand U.S. dollars) for both blocks, to be deposited at CEPE's treasury office located in the first floor of CEPE's main office building of Alpallana and 6 de Diciembre Street, Quito-Ecuador.

Tenders will be received at the secretariat of the special bidding committee located at the 9th floor of the CEPE's main building of Alpallana and 6 de Diciembre Street, until 5:00 p.m., Wednesday 5th November, 1986.

Ing.Carlos Romo-Leroux
General Manager
CEPE

*For further information please contact:*

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# Weekly International Bond Prices

*Provided by Credit Suisse First Boston Securities, London, Tel.: 01-623-1277.*
*Prices may vary according to market conditions and other factors.*

## RECENT ISSUES

July 30

| Amt | Security | | Mat | Strt Conv | Issue Price | Mid Price | Yield |
|---|---|---|---|---|---|---|---|
| dm 300 | Electricite France | 6¾ % | '96 Aug | s | 99¾ | 98½ | 6.33 |
| $ 150 | Volkswagen Intl Fin | 3 % | '01 Aug | s | 100 | 103½ | 2.71 |
| $ 150 | Industrial Bank Japan | 8 % | '93 Jul | s | 101⅛ | 100 | 8.00 |
| dm 300 | Inter American Dev Bk | 6¼ % | '96 Aug | s | 99¾ | 98¼ | 6.42 |
| dm 200 | Hoesch Intl Finan X/w | 2½ % | '96 Aug | s | 100 | 69½ | 6.56 |
| dm 200 | Hoesch Intl Finan W/w | 2½ % | '96 Aug | s | | 180¾ | 2.14 |
| ecu 100 | Porgeso Bank Corp | 4 % | '96 Jul | s | 100 | 72 | 8.21 |
| $ 100 | Eurofima | 7¾ % | '93 Jul | s | 101⅞ | 99½ | 7.87 |
| y 10000 | Canada | 5⅝ % | '93 Jul | s | 100¾ | 97¼ | 5.76 |
| ecu 75 | Eec Europ Econom Com | 7¾ % | '96 Jul | s | 100 | 100 | 7.37 |
| $ 110 | Deutsche Bank Finance | 8 % | '96 Jul | s | 100¾ | 96 | 8.53 |
| dm 300 | Mitsubishi Chemic W/w | 1⅜ % | '91 Jul | s | 100 | 97¾ | 1.59 |
| $ 125 | Saskatchewan Prov | 7½ % | '93 Jul | s | 100 | 98⅛ | 7.94 |
| dm 45 | Rowntree Look Inc W/w | 1⅛ % | '91 Jul | s | [illegible] | [illegible] | [illegible] |
| $ 150 | Liberty Mutual Cap Co | 8⅜ % | '96 Jul | s | 101 | 100 | 8.50 |
| dm 500 | World Bank | 6 % | '96 Jul | s | 99¾ | 97½ | 6.07 |
| dm 60 | Lindt & Spruengli W/w | 2 % | '93 Jul | s | 100 | 107½ | 1.73 |
| dm 60 | Lindt & Spruengli X/w | 2 % | '93 Jul | s | | 77 | 6.15 |
| $ 200 | Denmark | 8⅝ % | '91 Jul | s | 100⅛ | 101½ | 7.87 |
| $ 200 | Aetna Life & Casualty | 7¾ % | '16 Jul | s | 101 | 98 | 7.93 |
| $ 200 | Ford Motor Credit Co | 8 % | '89 Jul | s | 100⅝ | 101¾ | 7.36 |
| y 20000 | Citicorp | 6⅛ % | '93 Jul | s | 101⅜ | 103 | 5.71 |
| $ 250 | Eib Europ Invest Bank | 7⅝ % | '93 Jul | s | 98⅝ | 97⅜ | 8.12 |
| $ 200 | General Motors Accept | 8 % | '94 Jul | s | 100¼ | 98¼ | 8.31 |
| ecu 55 | Gillette Company | 7½ % | '93 Jul | s | 100¾ | 102 | 7.12 |
| dm 250 | Enel Ente Naz Energia | 5⅝ % | '91 Jul | s | 100 | 97¾ | 5.93 |
| $ 150 | Sweden | 8⅛ % | '91 Jul | s | 99⅝ | 101¼ | 7.90 |
| dm 100 | Mc Dermott | 6⅞ % | '91 Jul | s | | 99 | 7.14 |
| dm 150 | Council Of Europe | 6⅛ % | '96 Jul | s | 100 | 98½ | 6.32 |
| dm 300 | Eib Europ Invest Bank | 6⅛ % | '96 Jul | s | 99½ | 101½ | 5.92 |

## STRAIGHT BONDS
### All Currencies Except DM

| Amt | Security | % | Mat | Middle Price | Yield Mat | Yield Ave Life | Yield Curr |
|---|---|---|---|---|---|---|---|
| | [illegible] | | | | | | |

AUSTRALIA — AUSTRIA — BELGIUM — CANADA — DENMARK — FINLAND — FRANCE — GERMANY — ICELAND — IRELAND — ITALY — JAPAN — MEXICO — NETHERLANDS — NEW ZEALAND — NORWAY — SOUTH AFRICA — SPAIN — SUPRANATIONAL — SWEDEN — SWITZERLAND — UNITED KINGDOM — U.S.A.

[illegible]

FOREIGN TARGETED BONDS OF THE US TREASURY AND OF ITS AGENCIES

| Amt | Security | % | Mat | Middle Price | Yield Mat | Yield Ave Life | Yield Curr |
|---|---|---|---|---|---|---|---|
| $ 1000 | Us Treasury | 11⅝ | '88 Sep | 106 | 7.33 | | 10.97 |
| $ 1000 | Us Treasury | 11 | '90 Feb | 109¾ | 7.72 | | 10.02 |
| $ 1000 | Us Treasury | 9⅝ | '89 Aug | 105 | 7.50 | | 9.14 |
| $ 1000 | Us Treasury | 9⅞ | '90 Feb | 108¾ | 7.54 | | 9.0? |
| $ 300 | Fed Home Loan Banks | 10 | '87 Dec | 107½ | 8.35 | | 10.23 |
| $ 100 | Fed National Mort Ass | 11½ | '91 Dec | 111½ | 8.70 | | 10.31 |
| Y 50000 | Fed National Mort Ass | 7⅞ | '92 Feb | 110¾ | 5.68 | | 4.57 |
| Y 25000 | Student Loan Mark Ass | 6⅛ | '92 Jan | 103¼ | 5.83 | | 6.39 |

## HIGHEST YIELDS
### to Average Life Below 5 Years

| Amt | Security | % | Mat | Middle Price | Yield Mat | Yield Ave Life | Yield Curr |
|---|---|---|---|---|---|---|---|
| $ 15 | Ward Foods O/s Capita | 6¾ | '88 Nov | 88 | 17.72 | 18.48 | 7.19 |
| $ 125 | Pemex Petroleos Mexic | 11⅝ | '88 Jul | 93 | 14.37 | 14.76 | 12.37 |
| $ 50 | Mexico | 8⅝ | '91 Dec | 80 | 13.54 | 14.48 | 10.54 |
| $ 65 | Eec Europ Econom Com | 14⅝ | '93 Apr | 106¼ | 13.19 | 12.41 | 13.85 |
| $ 25 | South Africa | 7⅜ | '87 Dec | 95 | 11.61 | 12.88 | 8.16 |
| $ 40 | Mexico | 8⅝ | '87 Mar | 98 | 11.88 | 11.94 | 8.67 |
| $ 75 | Sncf Nat Chemins Fer | 13 | '91 Feb | 104 | 11.76 | 11.36 | 12.50 |
| $ 14 | Reliance Transcontine | 6⅝ | '88 Feb | 93½ | 10.77 | 11.10 | 6.68 |
| $ 40 | Trailer Train Finance | 13⅝ | '92 Nov | 107 | 11.58 | 11.02 | 12.38 |
| $ 12 | Rothschild Inv Holdin | 14⅛ | '88 Aug | 104⅛ | 12.29 | 10.99 | 13.69 |
| nkr 100 | Norges Hypotekforenin | 10½ | '88 Apr | 100½ | 11.43 | 10.90 | 10.33 |
| $ 15 | Eib Europ Invest Bank | 12 | '91 Jan | 101¾ | 11.61 | 10.86 | 11.80 |
| $ 15 | Geelvinker Holdins | 11 | '88 May | 99¼ | 11.42 | 10.82 | 11.08 |
| cad 60 | Hudsons Bay | 10½ | '89 Apr | 99 | 10.90 | 10.80 | 10.61 |

## HIGHEST YIELDS
### to Average Life Above 5 Years

| Amt | Security | % | Mat | Middle Price | Yield Mat | Yield Ave Life | Yield Curr |
|---|---|---|---|---|---|---|---|
| $ 50 | Dome Petroleum | 10 | '94 Jul | 89½ | 12.12 | 12.55 | 11.17 |
| $ 50 | Ingersoll-Rand Intl | 13⅝ | '95 Oct | 107 | 11.93 | 11.58 | 12.38 |
| $ 75 | Caisse Nat Autoroutes | 15⅝ | '97 Mar | 117⅞ | 12.45 | 11.30 | 13.28 |
| $ 100 | Alaska Housing Fin Co | 11⅝ | '94 Feb | 104 | 10.91 | 10.98 | 11.15 |
| $ 75 | Intl Standard Electri | 12 | '96 Mar | 108½ | 10.75 | 10.49 | 11.37 |
| $ 50 | Ottawa-Carleton | 14⅜ | '97 Jan | 121 | 11.29 | 9.94 | 12.19 |
| $ 50 | Macmillan Bloedel | 9¼ | '93 Mar | 98½ | 9.55 | 9.58 | 9.39 |
| $ 125 | Michelin | 10 | '94 Aug | 102 | 9.63 | 9.54 | 9.80 |
| $ 100 | Middlesex Trust | 10⅜ | '98 Jul | 108 | 9.44 | 9.38 | 9.60 |
| cad 50 | Canadian Utilities | 17 | '94 Dec | 128 | 12.50 | 12.51 | 13.37 |
| cad 40 | Royal Bank Of Canada | 10 | '94 May | 99½ | 10.08 | 10.05 | 10.05 |
| $ 20 | Indust Bank Japan Fin | 11⅝ | '95 Dec | 109½ | 10.12 | 9.86 | 10.61 |
| ecu 40 | Industrial Bk Finland | 9 | '95 Oct | 96⅝ | 9.59 | 9.56 | 9.32 |
| ecu 40 | Giroz Bank Sparkassen | 10½ | '93 Dec | 112½ | 8.56 | 8.65 | 9.29 |

## HIGHEST CURRENT YIELDS

| Amt | Security | % | Mat | Middle Price | Yield Mat | Yield Ave Life | Yield Curr |
|---|---|---|---|---|---|---|---|
| $ 60 | Gulf States O/s Finan | 17½ | '88 Oct | 83½ | 26.48 | | 20.96 |
| $ 65 | Gulf States O/s Finan | 16 | '90 Apr | 86 | 21.74 | | 18.60 |
| $ 175 | Mexico | 18⅛ | '87 Jul | 97 | 21.32 | | 18.65 |
| $ 75 | Pemex Petroleos Mexic | 17⅝ | '86 Nov | 99 | 20.53 | | 17.80 |
| $ 75 | Transcanada Pipelines | 17⅝ | '88 Oct | 103 | 15.90 | | 17.23 |
| $ 75 | Genstar | 17⅝ | '89 Oct | 106½ | 15.93 | | 16.51 |
| $ 75 | Ohio Edison Finance | 17⅝ | '89 Oct | 106½ | 15.37 | | 16.51 |
| $ 50 | Winnipeg City | 17 | '86 Oct | 102 | 6.87 | | 16.67 |
| $ 100 | Tenneco Intl | 17 | '89 Oct | 108¼ | 13.78 | | 16.55 |
| cad 50 | National Financiera | 17⅝ | '87 Mar | 99 | 18.91 | | 17.80 |
| cad 40 | Hudsons Bay | 18 | '87 Nov | 101 | 16.80 | | 17.82 |
| cad 60 | Quebec Province | 18 | '87 Oct | 103¾ | 14.54 | | 17.35 |
| cad 40 | Canadian Pacific | 17¾ | '87 Nov | 102 | 15.80 | | 17.40 |
| cad 100 | Feder Business Dev Bk | 17⅛ | '86 Oct | 100⅛ | 7.08 | | 17.36 |

## DM STRAIGHT BONDS

AUSTRALIA — AUSTRIA — BELGIUM — CANADA — CHINA — DENMARK — FINLAND — FRANCE — GERMANY — HUNGARY — ICELAND — INDIA — IRELAND — ITALY — JAPAN — LUXEMBOURG — MEXICO — MISCELLANEOUS — NETHERLANDS — NEW ZEALAND — NORWAY

[illegible]

(Continued on next left-hand page)

## ZERO-COUPON BONDS

July 30

| Security | Final Maturity | Original Offering Amt | Original Offering Year | Original Offering Price | Offered Price |
|---|---|---|---|---|---|
| American Intl Group | 15 Aug 2004 | $ 750 | 1984 | 12 | 19⅞ |
| Asian Develop Bank | 31 Aug 2004 | $ 1000 | 1984 | 10½ | 17⅝ |
| Atlantic Richfield Co | 4 Feb 1992 | $ 200 | 1982 | 25⅝ | 62 |
| Baker Intl Finance | 25 Feb 1992 | $ 225 | 1982 | 24.70 | 57 |
| Beatrice Foods O/s | 9 Feb 1992 | $ 250 | 1982 | 25⅝ | 57⅜ |
| Belgium | 19 Apr 1994 | dm 200 | 1986 | 52.60 | 55 |
| Campbell Soup O/s Fin | 21 Apr 1992 | $ 200 | 1982 | 27 | 63¼ |
| Caterpillar Fin Serv | 11 Aug 1992 | $ 300 | 1982 | 34 | 59⅝ |
| Caterpillar Fin Serv | 11 Feb 1994 | $ 140 | 1982 | 19.34 | 52 |
| Castrust Savings Bank | 15 Feb 2016 | $ 1200 | 1986 | 5.995 | 11¾ |
| Commerzbank | 22 May 1995 | dm 300 | 1985 | 50 | 65 |
| Commerzbank | 4 Aug 2000 | dm 300 | 1985 | 32½ | 45⅝ |
| Connecticut Mut Life | 11 Sep 2000 | $ 115 | 1985 | 18.00 | 27¾ |
| Du Pont Overseas Cap | 11 Feb 1990 | $ 200 | 1982 | 33.60 | 73½ |
| Eksportfinans | 3 Oct 1991 | $ 100 | 1985 | 55¼ | 57⅝ |
| Electricite France | 11 Sep 1994 | $ 300 | 1984 | 32⅝ | 52⅝ |
| Exxon Capital | 14 Nov 2004 | $ 1800 | 1984 | 11.45 | 17 |
| Florida Feder Savings | 15 Jul 1993 | $ 150 | 1985 | 36.15 | 54⅝ |
| Gaz De France | 23 Feb 1992 | $ 150 | 1982 | 25.92 | 65 |
| Gaz De France | 1 Mar 1994 | $ 150 | 1982 | 19.85 | 55 |
| General Electric Cred | 17 Feb 1992 | $ 400 | 1982 | 26.08 | 64 |
| General Electric Cred | 17 Feb 1993 | $ 400 | 1982 | 22.80 | 59¾ |
| General Electric Cred | 4 Mar 1996 | $ 200 | 1982 | 19⅝ | 54 |
| General Electric Cred | 4 Mar 1995 | $ 500 | 1982 | 17¼ | 49¼ |
| General Electric Cred | 19 Jul 1996 | $ 400 | 1984 | 23.55 | 44 |
| General Mills Inc | 15 Aug 2004 | $ 250 | 1984 | 11.85 | 20¾ |
| General Mills Inc | 15 Aug 2013 | $ 1000 | 1984 | 4.00 | 9 |
| Gmac O/s Finance | 10 Feb 1990 | $ 150 | 1982 | 34 | 75½ |
| Gmac O/s Finance | 3 Feb 1992 | $ 250 | 1982 | 25¼ | 64 |
| Gmac O/s Finance | 1 Oct 1992 | $ 400 | 1982 | 27⅝ | 60¼ |
| Gulf Oil Finance | 2 Mar 1992 | $ 300 | 1982 | 25.82 | 62¼ |
| Hewlett-Packard Fin | 2 Jan 1991 | $ 150 | 1985 | 64¾ | 70¾ |
| Italy | 9 May 1995 | ecu 400 | 1986 | 52 | 49¼ |
| Nordic Investment Bk | 17 Sep 1994 | $ 150 | 1984 | 27⅝ | 57⅝ |
| Penney Jc Global Fin | 17 Feb 1994 | $ 350 | 1982 | 18½ | 52 |
| Pepsico Capital | 4 Feb 1993 | $ 100 | 1983 | 26 | 65 |
| Pepsico Capital | 2 Mar 1994 | $ 125 | 1982 | 20⅝ | 57 |
| Philip Morris Credit | 6 Jun 1994 | $ 200 | 1982 | 27¼ | 57⅛ |
| Prudential Realty Sec | 15 Jan 1993 | $ 345 | 1986 | 28.65 | 34 |
| Reynolds RJ O/s | 10 Feb 1992 | $ 400 | 1982 | 25⅝ | 62⅝ |
| Sears Overseas | 18 Feb 1992 | $ 400 | 1982 | 24.72 | 62⅝ |
| Sears Overseas | 27 May 1994 | $ 400 | 1982 | 27⅛ | 50¼ |
| Sears Overseas | 12 Jul 1998 | $ 400 | 1984 | 20⅛ | 45 |
| Siemens Western W/w | 20 Jun 2001 | $ 833 | 1986 | 36.90 | 57 |
| Siemens Western X/w | 20 Jun 2001 | $ 833 | 1986 | | 28⅝ |
| Swedish Export Credit | 10 Mar 1994 | $ 200 | 1982 | 19.70 | 54 |
| Swedish Export Credit | 11 Sep 1994 | $ 250 | 1984 | 33.935 | 52 |
| Swiss Bank Corp | 14 Nov 1997 | $ 400 | 1984 | 25 | 39⅝ |
| Wells Fargo Intl Fin | 4 Feb 1991 | $ 125 | 1982 | 40½ | 67 |
| World Bank | 20 Dec 2015 | 1000 | 1985 | 12 | 10⅛ |
| Xerox Credit O/s Fin | 11 Feb 1992 | $ 200 | 1982 | 25½ | 62¾ |

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Marketmakers in Deutschmark Bonds WestLB
Westdeutsche Landesbank

# New Eurobond Issues

*Compiled by Laurence Desvilettes from information supplied by European bond traders.*

| Issuer | Amount (millions) | Mat. | Coup. % | Price | Price end week | Terms |
|---|---|---|---|---|---|---|
| **FLOATING RATE NOTES** | | | | | | |
| Bergen Bank | $200 | perpt | ⅛ | 100 | — | Over 6-month Libor. Callable at par in 1991. Fees 0.40%. Denominations $10,000. |
| Centrust Savings Bank | $200 | 1996 | 0.03 | 100 | 99.25 | Over 6-month Libor. Callable at par in 1989. Fees 0.50%. Denominations $100,000. |
| Den Norske Creditbank | $300 | 1996 | libor | 100 | 99.50 | Interest pegged to 6-month offered rate for Eurodollars. Callable at par in 1991. Exchangeable at issuer's option into a perpetual note paying 0.15% over 6-month Libor, callable at par 5 years after exchange. Fees 0.25%. Denominations $10,000. |
| Lloyds Bank | $600 | perpt | 0.10 | 100.10 | 100.10 | Over 6-month Libor. Callable at par in 1991. Fees 0.20%. Denominations $10,000. |
| Morgan Grenfell | $200 | perpt | ½ | 100 | 99.50 | Over 6-month Libor until 1991, ⅜ over until 1996, and ¼ over thereafter. Callable at par in 1991. Fees 1%. Denominations $10,000. |
| Skandia Banken | $25 | 1991 | ⅛ | 100 | — | Over 6-month Libor. Noncallable. Private placement. |
| Société Générale | $200 | 1996 | libid | 100 | 100.05 | Interest pegged to 6-month bid rate for Eurodollars. Callable at par in 1991. Fees 0.10%. Denominations $10,000. |
| Caisse Centrale de Coopération Economique | FF 600 | 1993 | ⅛ | 100 | 100.00 | Over 3-month Libor unless Libor is at least ¼ over 3-month Paris interbank offered rate, in which case interest would be ¼ over domestic rate. Callable at par in 1987. Also 60,000 one-year warrants, priced at 110 francs each, and exercisable at par into a 7⅛%, noncallable bond due 1993. Fees 0.25%. |
| **FIXED-COUPON** | | | | | | |
| Banque Française du Commerce Extérieur | $100 | 1996 | 7⅝ | 100 | 98.13 | Noncallable. Fees 2%. |
| C. Itoh | $30 | 1991 | 8 | 100⅛ | — | First coupon paid in one lump sum in 1990. Noncallable. Fees 1⅝%. |
| Crédit National | $50 | 1991 | 9 | 101½ | — | Noncallable. Redemption amount at maturity linked to the dollar/yen exchange rate. Fees 1⅝%. |
| Denmark | $500 | 1989 | 7 | 100¼ | 99.55 | Noncallable. Fees 1⅜%. |
| General Motors Acceptance Corp. | $200 | 1991 | 7⅜ | 101¼ | 99.13 | Noncallable. Fees 1⅞%. |
| Philip Morris Companies | $100 | 1990 | 7⅜ | 101⅜ | 100.08 | Noncallable. Fees 1⅜%. |
| Xerox | $100 | 1996 | 8⅜ | 101⅜ | 99.50 | Noncallable. Fees 2%. |
| Xerox Credit | $100 | 1990 | 7½ | 100⅝ | 98.68 | Noncallable. Fees 1⅜%. |
| Banque Nationale de Paris | C$ 200 | 1991 | 9½ | 101⅜ | 98.88 | Noncallable. Fees 1⅜%. |
| Denmark | ¥ 10,000 | 1993 | 5⅝ | 101½ | 99.25 | Noncallable. Fees 1⅝%. |
| **EQUITY-LINKED** | | | | | | |
| Daihatsu Motor | $60 | 1991 | open | 100 | — | Coupon indicated at 2⅝%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set Aug. 4. |
| Inageya | $30 | 1993 | 3¾ | 100 | — | Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 1,128 yen per share and at 157.00 yen per dollar. Fees 2¼%. |
| Japan Development & Construction | $30 | 1991 | 2⅝ | 100 | — | Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 573 yen per share. Fees 2¼%. |
| Mori Seiki Company | $60 | 1991 | 2⅞ | 100 | — | Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 1,610 yen per share and at 158.90 yen per dollar. Fees 2¼%. |
| Nikken Chemicals | $20 | 1991 | 2⅞ | 100 | — | Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 1,569 yen per share and at 156.30 yen per dollar. Fees 2¼%. |
| Nippon Shinpan | $300 | 1991 | 2¾ | 100 | — | Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 1,333 yen per share and at 155.40 yen per dollar. Fees 2¼%. $250 million issued in Europe and $50 million issued in Asia. |
| Royal Company | $70 | 2001 | 2⅝ | 100 | — | Semiannually. Callable at 103 in 1991. Convertible into company's shares at 4,473 yen each. Fees 2½%. Increased from $60 million. |
| Taisei Prefab Construction | $25 | 1991 | open | 100 | — | Coupon indicated at 2⅝%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set Aug. 7. |
| TEC Electronics | $50 | 1991 | 2⅜ | 100¼ | — | Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 1,743 yen per share and at 156.50 yen per dollar. Fees 2¼%. |
| **WARRANTS** | | | | | | |
| Bankers Trust | 0.075 | 12 mos | — | DM29¾ | 30.25 | Call warrants exercisable at 97.45 into a 75 million-mark, 5⅝% bond due 2001 of the Deutsche Bundespost. |
| Bankers Trust | 0.075 | 12 mos | — | DM35½ | 33.75 | Call warrants exercisable at 103.15 into a 75 million-mark, 6% bond due 2016 of the Federal Republic of Germany. |
| Christiania Bank | 0.20 | 1991 | — | DM 27 | — | Call warrants exercisable at par into a mark-denominated, 6% noncallable bond due 1996. |
| Dresdner Bank | 0.10 | 9 mos | — | DM 100 | — | Call warrants exercisable at 100.70 into a 100 million-mark, 5⅝% bond due 1996 of the Federal Republic of Germany. |

# Bond Prices Stage Decline Ahead of Refunding

By H.J. Maidenberg
*New York Times Service*

NEW YORK — Nervousness has pervaded the bond market, according to dealers.

On Friday, government bond prices closed with modest losses after recovering from early losses that at times exceeded half a point. Bill rates finished basically unchanged after moving narrowly all day.

Dealers said many participants stayed on the sidelines for most of

## U.S. CREDIT MARKETS

the session. They said that light but steady buying late in the day helped to ease the declines.

Traders said that much of the unease was caused by heightened concerns about the ability of the credit markets to absorb this week's $28-billion Treasury refunding without raising rates and thus further depressing prices of outstanding debt issues.

The bullish economic data released by Washington on Friday also unsettled the market in the morning, several dealers said.

The government reported that unemployment in July fell to 6.8 percent, its lowest level since last January, from 7 percent the month before, while its index of leading economic indicators for June rose three-tenths of 1 percent, which compared with a decline of one-tenth in May.

In late trading in the secondary market for Treasury coupon issues, the 6.625-percent notes due in 1988 were offered at 100 7/32, off 2/32 on the day, for a yield of 6.51 percent, and the 7.5-percent notes due in 1991 fell 4/32, at 102 3-32, to yield 6.99 percent.

The 7.375-percent notes due in 1996, which will be reopened at the refunding, lost 6/32, to 100 14/32, to yield 7.31 percent; the 9.375-percent notes due in 2006 also fell 6/32, to 114 18/32, and now yield 7.90 percent, while the bellwether long bond, the 7.25-percent notes due in 2116, which also will be reopened this week, dropped 7/32, at 97 23/32, for a yield of 7.44 percent. A week earlier, the long bond yielded 7.57 percent and the 1996 notes, 7.35 percent.

Also in late trading, the $9.5-billion of new three-year notes that the Treasury will auction Tuesday were offered at a yield of 6.7 percent on a when-issued basis. Similarly, the $9.5-billion of reopened notes due in May 1996, to be sold on Wednesday, were offered at a 7.34-percent yield, while the $9-billion of reopened bonds due in May 2116, scheduled to be auctioned Thursday, were offered at a yield of 7.44 percent.

"We think the nervousness over next week's refunding is unwarranted," said Alan C. Leventen, director of financial services at Balfour, Maclaine Inc., "and based largely on fears that foreign investors will not be as aggressive buyers as they were at previous auctions. The foreign buyers will be out in force this week because there is a growing belief overseas that the dollar will not embark on a prolonged and steep decline."

Mr. Leventen said his optimism also was based on the large cash positions now held by domestic institutional investors.

"I think the market's nervousness can be traced more accurately to the beating many dealers took after the last quarterly refunding, when many of them sold short older issues and bought both futures as well as the new notes and bonds," he said, adding: "As a result, it is unlikely that we will see much selling of older issues at this refunding, a factor that should be beneficial to the coupon market in general."

### U.S. Consumer Rates
**For Week Ended Aug. 1**

| | |
|---|---|
| Passbook Savings | 5.50 % |
| Tax Exempt Bonds<br>Bond Buyer 20-Bond Index | 7.54 % |
| Money Market Funds<br>Donoghue's 7-Day Average | 6.06 % |
| Bank Money Market Accounts<br>Bank Rate Monitor Index | 6.00 % |
| Home Mortgage<br>FHLB average | 11.02 % |

### Kodak Seeks Tokyo Listing

*Agence France-Presse*

TOKYO — Eastman Kodak Co., the U.S. photographic equipment maker, has filed an application to list its stocks on the Tokyo Stock Exchange, company officials said over the weekend. They said they expected it to be approved this month.

# As Profits Slide, Japan's Steelmakers Branch Out

By Susan Chira
*New York Times Service*

TOKYO — For more than a century, Nippon Steel Corp. has been the symbol of industrial Japan.

But now, as Japanese steelmakers fight a deepening crisis, Nippon Steel, Nippon Kokan KK and other big manufacturers are reshaping themselves, trying to cut their dependence on steel in hopes of surviving better than their American counterparts.

Many have started to branch out into areas like industrial ceramics and silicon wafers while keeping their commitment to steel.

"In 20 years, we expect that Nippon Steel will be very different," said Tatsuhiko Nakamura, a company spokesman.

"Now it looks like Mount Fuji surrounded by small lakes because Nippon Steel is so huge and the affiliated companies are so small," he said. "But in the future, we want the company to look like a row of mountains at the same height."

It was the Japanese who first undercut U.S. steel prices years ago, helping set off a crisis in the "Rust Belt" that has not eased. But since then, the Japanese have become victims, too. They are plagued by some of the same troubles — lower worldwide demand and intensified competition from low-cost foreign producers — that long have afflicted their American counterparts.

Japanese steelmakers now are facing what many here see as the industry's darkest days, a period of falling profits and lagging demand that is unlikely to improve soon.

Although the industry has been suffering since the early 1980s, many believe that the sharply rising yen compounds the sector's serious structural problems. Many believe this year could be the most difficult yet for Japanese steelmakers, and they expect the situation to worsen further next year.

"The prospects for profits in 1986 are very bad," said Shuji Kato, deputy director of the Ministry of International Trade and Industry's Iron and Steel Administration division. "It will take some time to adjust to the new circumstances. In the meantime, the Japanese steel industry will face great difficulties."

Yet, he says, it is too early to say whether Japanese steel will thrive or falter. "There are too many uncertain factors: the exchange rate, the Japanese economy, export markets, the power of the Korean or Taiwanese mills," he said.

The numbers, however, tell a dismal tale. In the first half of 1986, crude steel production fell 6.3 percent compared with the corresponding period last year. Steel exports in the first quarter were down 15.5 percent, while imports — most notably from South Korea, Brazil, South Africa and Taiwan — soared 51.4 percent, according to the Japan Iron and Steel Federation.

Steel profits have been disappointing as well. In the fiscal year ended March 31, Nippon Steel's profits dropped 60 percent, and other steelmakers also recorded sharp declines.

Hard times clearly lie ahead. But analysts such as Aiichiro Endo of Daiwa Securities Co. believe that Japanese steelmakers are entering the fray in much stronger shape than their counterparts in the United States.

Because Japanese shareholders do not expect the same dividends that Americans do, Japanese steelmakers have been freer to invest, and they did so, even in lean years. Today their plants are among the most modern in the world.

Their steel products are the most technologically advanced, with foreign competition largely at the low end of the market. And their balance sheets are healthier than the Americans'. Even with lower profits, the Japanese are unlikely to face the bankruptcies that have struck the U.S. industry.

Cooperation from steel unions has freed Japanese steelmakers from the labor battles that have paralyzed American steel. But companies have had to pay a price for union help in easing work rules or accepting transfers.

Bound by an ethic of lifetime employment, steelmakers have not been able to pare payrolls as quickly as American steelmakers, and their productivity has suffered as a result while U.S. productivity has improved.

Japanese diversification efforts will not reap profits for years, and in any event, are not expected to provide as many jobs as steel.

In addition, all of the steelmakers appear to be choosing the same areas for diversification. Some of those areas, notably silicon wafers, already are overcrowded.

## Tandon Reduces Jobs, Expects Loss

*United Press International*

LOS ANGELES — Tandon Corp. has laid off 270 workers in Thousand Oaks and Simi Valley, California, for up to six weeks and has closed a disk-drive manufacturing plant in San Jose, permanently eliminating 225 jobs, it was reported.

The computer equipment company, headquartered in Chatsworth, also announced Friday that it will report a substantial loss in its third quarter, which ended June 29.

## World Bank Asks Japan's Surplus Be Used as Aid

*Reuters*

TOKYO — The president of the World Bank, Barber B. Conable Jr., has urged Japan to use its huge trade surplus to set up a fund for developing nations.

In an interview published here Sunday, Mr. Conable said the bank was considering the establishment of a "special financing system" to use Japan's surplus for development aid.

Mr. Conable was interviewed in Washington by Nihon Keizai Shimbun, Japan's leading economic daily. Japan is expected to record a trade surplus this year of about $80 billion.

Japanese government officials have argued that the proceeds of the trade surplus are not in public hands, but remain in the coffers of the exporting corporations. They have also said that if Japan is to contribute more money to world organizations, it would want a larger say in how they are run.

Mr. Conable said the World Bank was moving toward expanding its financing priorities beyond the $27-billion plan to help heavily indebted nations put forward last year by the U.S. Treasury secretary, James A. Baker 3d. Mr. Conable said the bank wanted to secure another $12 billion for its International Development Association.

# BUILDERS: *Japan Is Penetrating the U.S. Market*

(Continued from first finance page)

dent of the Dallas-based Vantage Cos., a large private developer. "While they're learning about doing business here, we can tap technology from Japan."

Last month, Vantage formed a partnership with Taisei Corp., Japan's biggest construction company, to build light industrial projects.

Some of the Japanese construction companies have been in the United States for as long as two decades, working on relatively small projects in Hawaii and on the West Coast. Only in the past five years have they undertaken more ambitious work, primarily the building of factories and warehouses for Japanese companies setting up U.S. operations.

Now, in a third phase that is just beginning, Japan's construction companies are broadening their reach, building everything from dams in Seattle to skyscrapers in New York.

Like their big U.S. counterparts, the major Japanese contractors' primary function generally is to organize and coordinate the design and construction of the complex jobs they undertake.

Kumagai Gumi Co., a Japanese builder with projects in New York City, has even created a new role — that of "principal contractor." As William Zeckendorf Jr., one of New York's biggest developers and a partner in at least six projects with Kumagai, explains it, the Japanese company "takes the contracts in its name and supervises the projects, which are built by American contractors. Kumagai also becomes the financial partner and puts money into the project."

Japanese construction companies have both the cash and the contacts to create more and more American business.

Koji Hiroshimo, a vice president in New York of Toda Construction Co., contends that the Japanese perform more efficiently than their U.S. counterparts. Other Japanese construction executives agree — pointing out, for example, that Japanese construction companies have their own engineers and architects, while most American construction companies go outside for such services.

Mr. Hiroshimo is convinced that even in the United States, where work is ultimately contracted out to American companies, Japanese companies work better with subcontractors.

In Chattanooga, Tennessee, for example, where Toda is building a plant for Komatsu Tractor Factory, "we sat down and told our subcontractors that the owner wanted the job done half-a-month early, and they did it," he said.

Taisei, like Toda, drums up most of its U.S. business from Japanese clients. But now it is helping to build projects for non-Japanese clients — small condominiums in California, for example, as well as a $145-million hotel-and-office-tower complex in Long Beach.

Taisei has been trying to work closely with Americans to learn the U.S. system of contracting and building.

Last November, the company bought a 50-percent interest in a small Pittsburgh company, Geo-Con, that specializes in toxic-waste containment. The venture has worked out well for Geo-Con, says its president, Christopher R. Ryan, aged 38. Founded seven years ago by Mr. Ryan, Geo-Con had less than $1 million in capital and could not expand its annual sales beyond $15 million because of difficulty in getting bonding with such a small capital base.

Now, with Taisei's investment, Geo-Con's capital stands at $3 million and its ability to get bonding seems limitless, Mr. Ryan says.

Obayashi, too, worked closely with its U.S. partners in its contract for the drainage tunnels used for the I-10 highway. It formed a partnership with Shank-Artukovich, a joint venture between Artukovich Co. of Azusa, California, and M.L. Shank Co. of Denver.

Like Geo-Con, Shank-Artukovich was running into bonding problems. If it had won the $50-million Arizona tunneling project without Obayashi, it would have used up its bonding capacity and would have been unable to take on additional work.

But Obayashi provided Shank-Artukovich with a more important advantage — the ability to obtain the Japanese-made, multimillion-dollar tunneling equipment, the "mole," at low cost. That was possible because Japanese government policies enable Japanese companies to borrow at below-market interest rates when the money is used to finance exports.

# EUROBONDS: *Varied FRNs Keep Market Flowing*

(Continued from first finance page)

return, considering the large supply of similar paper in the market.

With the dollar falling, subdued attention was turned to other currencies.

The first French FRN Eurobond came to the market. The borrower, Caisse Centrale de Cooperation Economique, offered 600 million French francs in FRNs with warrants. Demand for the issue was firm, although investors may be worried about the ability to resell the bonds since it is the first of its kind.

The FRN pays ⅛ point over three-month Libor unless Libor is at least ¼ point over the Paris interbank offered rate. In that case, interest would be ¼ point over the domestic French rate.

The fixed-rate sector has hardly responded to the ½-point cut in the U.S. discount rate July 10, with wide spreads over comparable U.S. Treasuries persisting.

By the end of the week, Eurodollar bonds had risen slightly, by about ¼ point, but demand remained small. There is demand, however, for short-term paper in the fixed rate market. The kingdom of Denmark responded accordingly, with a $500-million bond carrying a 7-percent coupon for just three years, a spread of 50 basis points over U.S. Treasuries. Although investor demand is fairly strong for short-term fixed-rate bonds because of rate uncertainties, the issue proved difficult to sell. Lead manager Crédit Suisse First Boston said it was anticipating a market and was happy with the initial response.

Xerox Corp. and Xerox Credit Corp. simultaneously launched fixed rate-bonds in the dollar market via Nomura International. Xerox Credit's proved the more popular issue with its four-year maturity, priced at 75 points above comparable U.S. Treasury bonds.

Xerox Corp. bonds were going slowly, although the lead manager said it will probably be placed in Japan.

Also in the dollar fixed-rate market, Banque Française du Commerce Extérieur and Philip Morris issued bonds of $100 million, for 10 and four years respectively. Neither issue received an enthusiastic response. Underwriters found the comparable spreads above the yield of U.S. Treasuries unconvincing, though Swiss investors may find Philip Morris appealing.

Borrowers seemed to try to capture investors' interest in numerous ways last week. Other variations of fixed-rate Eurodollar bonds came to the market, including a deferred coupon for C. Itoh & Co. and a dual-currency issue of Crédit National.

The kingdom of Denmark seems to be becoming an all-too-familiar name in the Eurobond market. In addition to its $500-million bond, it came to the yen fixed-rate market. The bond for 10 billion yen, which carried a coupon of 5⅝ percent and of 101½ for seven years, met with a cool reception.

The issue was received coolly because investors were worried about lack of liquidity. It had no rarity value because Denmark is a frequent visitor to the bond market.

With many key dealers on vacation, the Deutsche-mark sector of the bond market was very quiet. Prices were up slightly with the mark remaining firm against the dollar and the yen, which encouraged investors to buy mark-denominated Eurobonds.

# BONN: *U.S. Pressure Mounts for Lower Interest Rates*

(Continued from first finance page)

Washington of promoting a weaker dollar could only be counterproductive. But Mr. Baker, who has declined to comment publicly about exchange rate developments since Mr. Volcker's testimony, is widely believed to favor a further decline in the dollar to help narrow the U.S. trade deficit.

The administration official interviewed denied reports last month in the U.S. magazine Newsweek that the United States had planned to "use the dollar as a weapon" to spur its major trading partners to stimulate growth.

A weaker dollar would put increasing competitive pressure on West German and Japanese exports. In that event, Bonn and Tokyo — whose central banks have balked at easing monetary policy for fear of inflation — may feel obliged to cut interest rates to help break the dollar's slide.

A dollar valued at 2 DM is broadly viewed as a critical threshold of pain for the weighty West German export sector, which accounts for one-third of the nation's gross national product. GNP measures the total value of a nation's goods and services, including income from foreign investments.

Bundesbank observers say that the central bank will refrain from intervening in the foreign currency market to support the dollar because Washington has signaled no interest as yet in halting the dollar's decline through interventions of its own.

Mr. Pöhl has indicated that only joint intervention can be effective in influencing currency rate fluctuations.

Elaborating on remarks by Mr. Baker last month that the United States "would like to see some help from over there," the highly placed U.S. official said Washington wants Bonn to remove impediments to growth that carry little risk of inflation.

"For one, West Germany needs to improve the liquidity and depth of its short-term money market by removing its bourse turnover tax and its tax on the issue of equities," the official said. "This will have an impact on the level of domestic activity."

A discount rate cut, among other measures being urged by Washington, would ease the cost of credit and spur domestic investment, which potentially could raise the level of imports.

U.S. officials, particularly those in the Treasury Department, assert that real German interest rates of about 6 percent are unnecessarily high and that a move to bring them down would run little risk of sparking an inflationary spiral. They note that Bonn's consumer price index is expected to show near-zero inflation for the full year.

## 20,000 Yugos Exported To U.S. in First Half

*Reuters*

BELGRADE — The automobile manufacturer Crvena Zastava exported 20,340 Yugo subcompacts to the United States in the first half of this year, the official news agency Tanjug reported.

Crvena Zastava plans to boost Yugo exports to the United States from 60,000 this year to 295,000 in 1990, the news agency said. It said the company would produce 180,000 cars this year.

When in Washington, DC meet me at
Blackie's House of Beef
Adjacent to the Washington Marriott. OUR 40th YEAR.

### SELECTED U.S.A./O.T.C. QUOTATIONS

| | BID | ASK |
|---|---|---|
| Bitter Corp. | 4 | 4¼ |
| MAG Holdings | 3¼ | 3½ |
| Moduloire | 9 | 9½ |
| Mr Gasket | 6¾ | 7 |
| Rodime | 6¼ | 6½ |

WITH COMPLIMENTS OF CONTINENTAL AMERICAN
*These prices are as of July 31, 1986*

*This announcement is not an offer to sell or a solicitation of an offer to buy any of these securities. The offering is made only by the Prospectus.*

NEW ISSUE — August 4, 1986

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# International Bond Prices

(Continued)

PORTUGAL

SOUTH AFRICA

SOUTH AMERICA

SPAIN

SUPRANATIONAL

SWEDEN

SWITZERLAND

UNITED KINGDOM

U.S.A.

## EURO CURRENCY UNITS

## CANADIAN DOLLARS

## FRENCH FRANCS

## JAPANESE YEN (EURO)

## NORWAY KRONERS

## POUNDS STERLING

# NASDAQ National List

*OTC consolidated trading for week ended Friday.*

## CONVERTIBLE BONDS

*July 30*

EUROPE

MISCELLANEOUS

U.S.A.

JAPAN

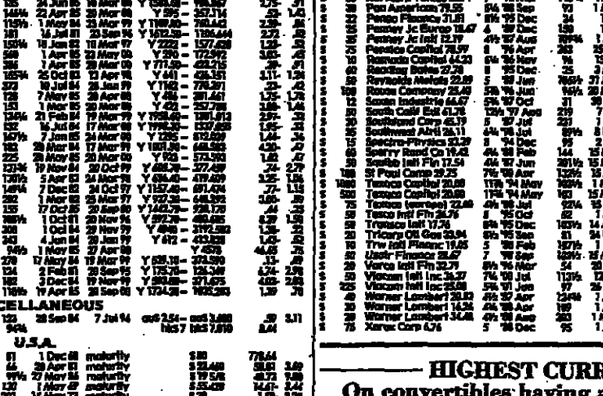
### HIGHEST CURRENT YIELDS

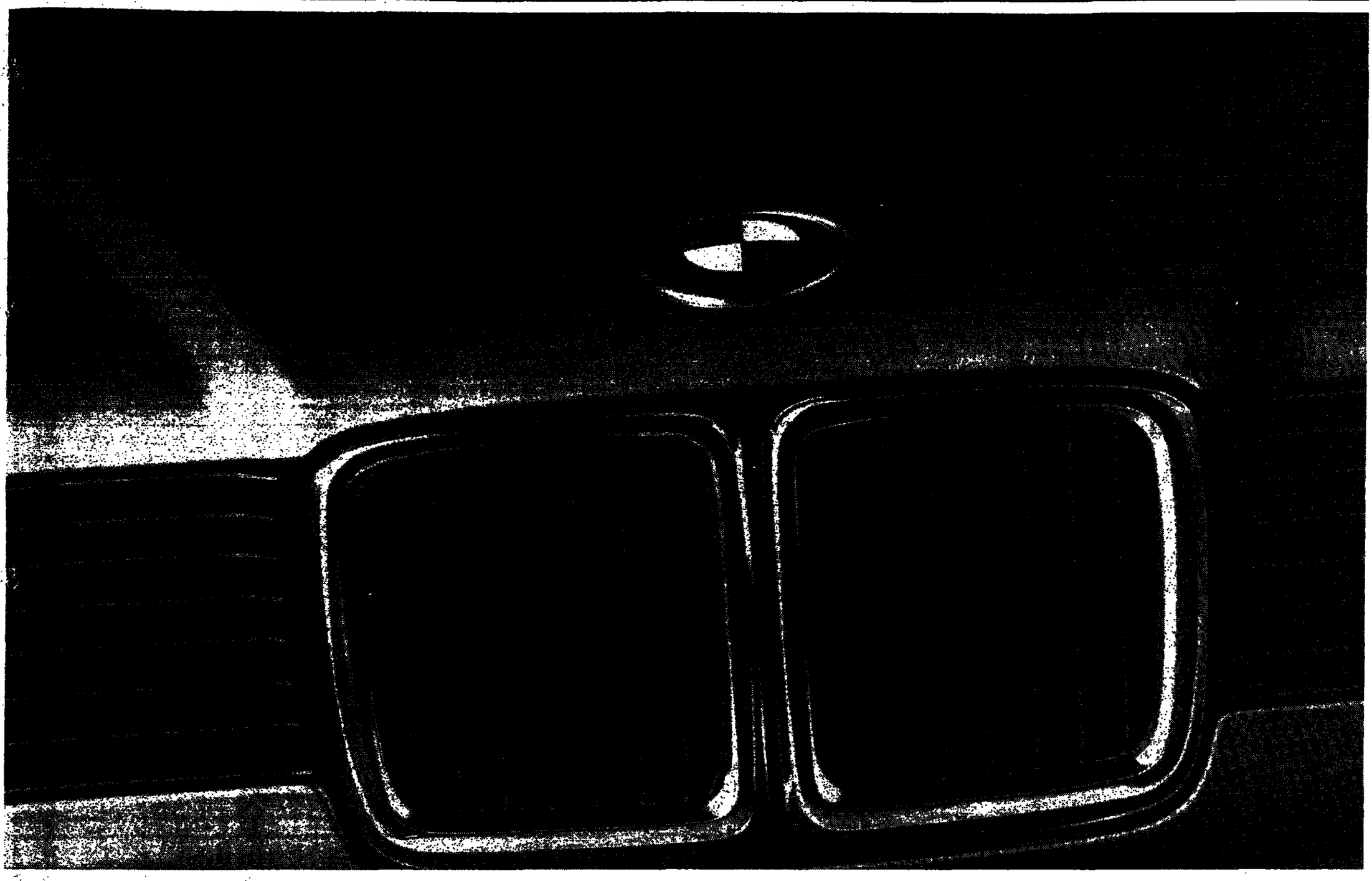
**On convertibles having a conversion premium of less than 10%.**

### Explanation of Symbols

| | | | |
|---|---|---|---|
| CNS | Canadian Dollar | SDR | Special Drawing Rights |
| ECU | European Currency Unit | Y | Yen |
| EUA | European Unit of Account | LFR | Luxembourg Franc |
| L | Pound Sterling | SFR | Swiss Franc |
| DM | Deutschy Mark | FF | French Franc |
| NMD | Norwegian Kroner - DM | | |


# The Global Newspaper.





# For indisputable evidence of success, look at the balance sheet.

1985 – a good year in every respect.

Automobile production went up by 3%.

Motorcycle production increased by 9%.

Turnover rose by about 10% as well.

Pretax profits and the resulting taxes were once again higher than the year before.

The accounts for the 1985 business year represent renewed and impressive evidence of BMW's performance.

This success is based on far-sighted Company policies.

To maintain this progress, and to enable BMW to enjoy continuing prosperity, forward-looking investment decisions must be taken without delay.

There is no other way to cope with the accelerating pace of technological progress.

Investment in fixed assets accordingly rose by 60% in 1985.

Investing in tangible assets alone, however, is not enough: knowledge and skills are just as vital if the company's technological lead is to be maintained.

New recruitment, therefore, accounted for an increase of almost 4% in the workforce, including training positions for the young.

Thanks to these measures, and the continuity in company policy, we are extremeley well-equipped to face the future.

BMW is therefore in a position to introduce the new products, and design developments, year after year which provide an essential stimulus to the automotive scene, and in this way to consolidate and increase its share of the world market.

**BMW AG**

BMW performance data – 1985

| | | | |
|---|---|---|---|
| Production-automobiles | Units | 445.233 | + 3,1% |
| -motorcycles | Units | 37.104 | + 9,1% |
| Group turnover (worldwide) | Million DM | 18.078 | + 9,7% |
| Workforce (worldwide) | | 53.925 | + 3,8% |
| Investments (worldwide) | Million DM | 1.376 | + 59,9% |
| Profits (before tax) | Million DM | 1.029 | + 0,8% |

| Summary of annual accounts (BMW AG) | 1985 Million DM | 1984 Million DM | | 1985 Million DM | 1984 Million DM |
|---|---|---|---|---|---|
| Balance-sheet total | 6.573 | 5.907 | Turnover | 14.246 | 12.932 |
| Fixed and financial assets | 2.592 | 2.411 | Cost of materials | 7.891 | 6.915 |
| Liquid assets | 1.793 | 1.436 | Cost of labor | 2.918 | 2.793 |
| Stocks and receivables | 2.188 | 2.060 | Other expenditure and income | 2.483 | 2.166 |
| Capital resources | 1.920 | 1.770 | Taxes | 729 | 695 |
| Provisions | 2.942 | 2.515 | Allocation to reserves | 150 | 175 |
| Liabilities | 1.711 | 1.622 | Dividends | 150 | 150 |

The full annual accounts of Bayerische Motoren Werke AG and the BMW Group up to December 31, 1985 in accordance with § 329 of the German Companies Act (AktG) have been given an unqualified auditor's certificate and will be published in the Federal German Gazette.
Payment of the dividend of 12.50 DM per 50 DM share, as decided upon by the Stockholders' General Meeting on July 3, 1986 can be claimed immediately from the payment offices stated in the complete dividend announcement published in the Federal German Gazette No. 119 dated July 4, 1986, on submission of profit entitlement certificate No. 36 and subject to deduction of 25% capital earnings tax.
Munich, July 1986 Bayerische Motoren Werke Aktiengesellschaft, Munich The Board of Management

# NASDAQ National Market

*OTC Consolidated trading for week ended Friday.*

| | Sales in | | | | | Net |
|---|---|---|---|---|---|---|
| | | 100s | High | Low | Close | Ch'ge |
| **A** | | | | | | |
| ABS | .60 3.3 | 108 | 18½ | 18 | 18 | — ¼ |
| ADCs | | 392 | 18¾ | 17½ | 18 | — ½ |
| AEC | .32 2.6 | 18 | 12¾ | 12¼ | 12¾ | + ¾ |
| AEL | | 3254 | 11½ | 10¾ | 11 | — ¼ |
| AEP | | 175 | 10¾ | 10 | 10¾ | — ¼ |
| AIM Tel | | 500 | 4 | 3¾ | 4 | |
| ALC Cm | | 222 | 5¾ | 4½ | 5 | — ¼ |
| ARC Int | | 133 | 4¾ | 4½ | 4½ | — ¼ |
| ASK | | 10204 | 11 | 9¾ | 10¾ | + ¾ |
| AST | | 5897 | 12½ | 10¾ | 12½ | +1½ |
| AT&E | | 1278 | 14¾ | 13¾ | 13¾ | — ⅞ |
| ATE | | 31 | 5¾ | 5¾ | 5¾ | + ⅜ |
| AW A | | 515 | 4½ | 4 | 4½ | — ½ |
| AaraRt | | 207 | 18¾ | 18¼ | 18½ | — ½ |
| Abrams | .24 3.6 | 60 | 6¾ | 6½ | 6¾ | + ⅜ |

[illegible]

**C**

[illegible]

**D**

[illegible]

**E**

[illegible]

**F**

[illegible]

**G**

[illegible]

**H**

[illegible]

**I**

[illegible]

**J**

[illegible]

**K**

[illegible]

**L**

[illegible]

**M**

[illegible]

(Continued on next page)

# Chicago Exchange Options

*Figures as of close of trading Friday.*

| Option & price | | Calls | | Puts | |
|---|---|---|---|---|---|
| | | Aug | Sep | Aug | Sep |

[illegible]

Total Volume: 372,708
Open Interest: 3,479,880
r—Not traded. s—None offered. o—Old.

# American Exchange Options

*Figures as of close of trading Friday.*

| Option & price | | Calls | | Puts | |
|---|---|---|---|---|---|
| | | Aug | Sep | Aug | Sep |

[illegible]

Total Volume: 147,757
Open Interest: 3,116,974
r—Not traded. s—None offered. o—Old.

# NASDAQ National Market

*OTC Consolidated trading for week ended Friday.*

(Continued)

(Continued on next page)

# Brazil May Extend Trade Protection to Chemicals

By Richard House
*Washington Post Service*

SAO PAULO — Brazil, which has been criticized by the United States for sheltering its computer industry from foreign competition, is planning to extend protection to pharmaceuticals and possibly the entire field of fine chemicals.

The draft of a presidential decree to develop a domestic pharmaceutical industry states that foreign companies will be allowed to import only if domestic production is insufficient.

The decree was prepared in May and has been approved at all technical levels. It is awaiting political approval at the ministerial level this month, officials said.

Last year President Ronald Reagan requested a review of possible sanctions against Brazil because U.S. corporations had been denied access to its fast-growing $2.2-billion small-computer market for eight years.

Talks in Paris between U.S. and Brazilian officials are expected to clear the way for an agreement on joint ventures and copyright protection for American software.

But signs that Brazil plans to extend its "reserved market" concept to other industries could cause new frictions.

Brazil's chemicals market — including drugs and agricultural chemicals — has annual sales of $5 billion, and is dominated by European and U.S. multinationals that import ingredients worth $1.7 billion.

In a speech last week, President José Sarney reaffirmed Brazil's determination to master industrial technology. He said that in the near future the world would be divided between "those nations that dominate technology and those that are cultural slaves." Brazil, he said, would be in the former category.

Even during the delicate negotiations with U.S. officials about the closed computer market, Commerce and Industry Minister José Hugo Castello Branco has been urging controls on the entire fine chemicals sector, including biogenetics, as a "legitimate defense" of Brazil's strategic interests.

According to the Brazilian Industrial Development Council's assistant secretary-general, Ernesto Carrara, who was responsible for preparing the draft decree, "this decree doesn't create a reserved market. It simply formalizes what already exists in practice. We are just being a little more specific about the conditions under which imports will now be permitted."

"The Brazilian market is already reserved for the multinationals," he said. "The law will provide protection for local and foreign companies already operating inside Brazil."

He said that 70 percent of the pharmaceutical ingredients imported each year were "grossly overvalued" by multinational companies that are interested in generating profits for the parent company and tax-saving losses for the local subsidiaries.

Jorge Conrado Kosak, a planning ministry official who helped prepare the draft decree, said Brazil was interested in reducing its import bill by producing drugs domestically.

The investments in "small-pharmaceutical chemicals have a high aggregate value just because of technology and patents," he said. Brazil does not protect patents, another concern for U.S. companies.

Mr. Kosak said a dispute between the government and Rhodia, the subsidiary of the French multinational Rhône-Poulenc SA, illustrated that drug companies were interested in maintaining a captive market without any local competition and that they refused to transfer technology.

Since 1983 Rhodia has invested $15 million in a plant near São Paulo to manufacture salicyclic acid, an ingredient for aspirin, which Brazil has been importing since 1916. Now the IDC is refusing to give the completed Rhodia plant an operating license because it says that a Brazilian company had been authorized to produce the chemical since 1972 and therefore has preference.

# France Signals Sale of Firms

*Reuters*

PARIS — The first three state-owned groups to be sold off under France's ambitious privatization plans will be a bank, a finance house and an industrial group, Edouard Balladur, the finance minister, said over the weekend.

He told the newspaper Le Matin that he had not finally decided which particular groups would be first on the privatization list, but that the first three would include one from each of the main categories.

Mr. Balladur said at least two of the first three would be put up for sale before the end of this year.

On Thursday, the conservative government's privatization bill, which sets the conditions for the sale of 65 state-owned banks, insurance companies and industrial groups worth around $30 billion, was adopted by Parliament.

# Mutual Funds

*Figures as of close of trading Friday*

NEW YORK (AP) — The following quotations, supplied by the National Association of Securities Dealers, Inc., are the prices at which these securities could have been sold (Net Asset Value) or bought (value plus sales charge) Friday.

NL—No initial sales load. f—Previous day's quote. r—Redemption charge may apply. x— Ex dividend.

# Treasury Bonds

| Maturity | Close Bid | Ask | Yield | Aug. 1 Wk-ago yield |
|---|---|---|---|---|
| 31.7.88 | 100 4/32 | 100 6/32 | 6.54 | 6.64 |
| 15.5.89 | 100 8/32 | 100 11/32 | 6.74 | 6.82 |
| 30.6.90 | 101 4/32 | 101 6/32 | 6.91 | 6.99 |
| 15.8.91 | 101 31/32 | 102 1/32 | 7.02 | 7.08 |
| 15.7.93 | 100 5/32 | 100 7/32 | 7.21 | 7.23 |
| 15.5.96 | 100 11/32 | 100 13/32 | 7.32 | 7.33 |
| 15.2.06 | 114 20/32 | 114 24/32 | 7.89 | 7.95 |
| 15.5.16 | 97 11/32 | 97 21/32 | 7.45 | 7.39 |

*Source: Salomon Inc.*

# Last Week's AMEX

## AMEX Most Actives

| | Vol. |
|---|---|
| Wickes | 40253 |
| WangB | 19912 |
| MSA | 15295 |
| EchoB g | 13889 |
| Spelng n | 13124 |
| TexAir | 11975 |
| HmeG n | 10971 |
| Ultmte | 10780 |
| LorTel n | 10705 |
| BAT | 10470 |
| AM Intl | 10172 |
| FAusP n | 8488 |
| TraBd pf | 8305 |
| Alza s | 7036 |
| HrnHar | 6984 |
| Hasbro | 6815 |
| TIE | 5456 |
| ChmpH | 4814 |
| Resrt A | 4241 |
| OzarkH | 4215 |
| TotlPt p | 4144 |
| WDigitl | 4161 |
| Conq un | 3988 |
| ICH s | 3950 |
| GalLit | 3715 |

## AMEX Sales

| | Sales Vol. |
|---|---|
| Total for week | 51,868,000 |
| Week ago | 44,570,000 |
| Year ago | 42,140,000 |
| Jan 1 to date | 1,882,820,000 |
| 1985 to date | 1,214,830,000 |
| AMERICAN BONDS = | |
| Total for week | 15,040,000 |
| Year ago | 12,970,000 |

## AMEX Diaries

| | This Wk | Last Wk |
|---|---|---|
| Advanced | 262 | 232 |
| Declined | 524 | 454 |
| Unchanged | 125 | 129 |
| Total Issues | 921 | 916 |
| New Highs | 26 | 31 |
| New Lows | 82 | 75 |

# Last Week's NYSE

## NYSE Most Actives

| | Vol. |
|---|---|
| Safewy | 119911 |
| SouthCo | 96114 |
| AT&T | 94237 |
| Texaco | 85805 |
| USX Cp | 58677 |
| IBM | 58424 |
| AEPw | 55955 |
| GMot | 54124 |
| FordM s | 50160 |
| MesaP n | 49734 |
| vILTV | 45987 |
| ITT Cp | 44714 |
| BethStl | 44067 |
| SFeSoP | 43925 |
| Digital s | 40731 |
| Mobil | 40868 |
| Woolw s | 36357 |
| CmwE | 35751 |
| EKodk | 35287 |
| AldSgn n | 34841 |
| PhMor s | 34707 |
| AmExp | 34460 |
| Exxon | 33704 |
| CocaCl s | 32990 |
| AtlRich | 32894 |

## NYSE Sales

| | Sales Vol. |
|---|---|
| Total for week | 617,950,000 |
| Week ago | 644,690,000 |
| Year ago | 531,740,000 |
| Two years ago | 496,140,000 |
| Jan 1 to date | 20,706,754,933 |
| 1985 to date | 16,142,580,000 |
| 1984 to date | 13,491,150,000 |

## NYSE Diaries

| | This Wk | Last Wk |
|---|---|---|
| Advanced | 584 | 1147 |
| Declined | 1410 | 837 |
| Unchanged | 183 | 210 |
| Total Issues | 2179 | 2194 |
| New Highs | 98 | 179 |
| New Lows | 199 | 161 |

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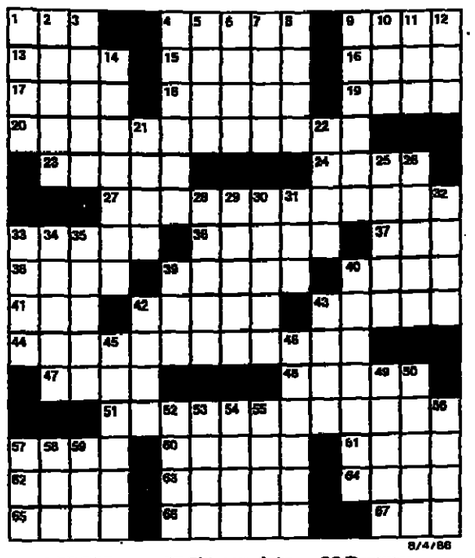


8/4/86

**ACROSS**

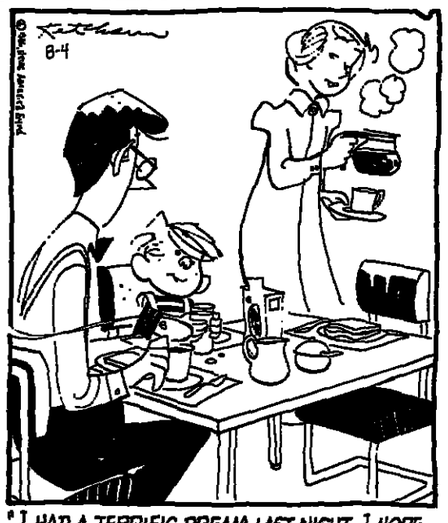
1 Hijack
4 Saint-Saëns's "— Macabre"
9 Frolic
13 Salt Lake City team
15 Fugard's "A Lesson From —"
16 Assam spinner
17 Artie or Robert
18 Approaches
19 Opening
20 Sandwich favorite
23 Wigwam
24 Yen
27 *Fare for campers*
33 Bridge expert
36 Arrow poisons
37 Bleat
38 "Amores" author
39 Rose essence
40 Pawn
41 Chaney
42 Broad, in Bonn
43 Catalogues
44 London nosh
47 Letter starter
48 Words to a hitchhiker
51 Breakfast order
57 Skirt variety
60 Fictional bell town
61 Insult
62 Blue-pencil
63 Drive
64 Clubs, for one
65 Clark's girlfriend
66 Rust
67 Mayday's kin

**DOWN**

1 Hurry
2 "— this too too solid flesh . . .": Hamlet
3 Koch's predecessor
4 Ire
5 Guinness or Clunes
6 A Webster
7 Parched
8 To be, in old Rome
9 Memorable silversmith
10 Galena or bauxite
11 Andy Gump's wife
12 Singer Boone
14 Madé a trade
21 Garish light
22 Replacements, for short
25 Eva or Magda
26 Portray
28 Soared
29 Huxley's "— Hay"
30 Under, to poets
31 "— Rosenkavalier"
32 Broadway director Gene
33 Palmer's game
34 Like Humpty Dumpty
35 Salon offering
39 Prince Valiant's son
40 Airline figure
42 Theda of silents
43 Tore
45 Wonts
46 Snub or neglect
49 Arctic abodes
50 Marsh of mystery
52 Arrived
53 Kitchen emanation
54 Western alliance letters
55 "And giving — . . .": C. Moore
56 N.Y.C. et al.
57 Actor Ferrer
58 Fuss
59 Dial numeral

*© New York Times, edited by Eugene Maleska.*

## DENNIS THE MENACE




## JUMBLE. THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

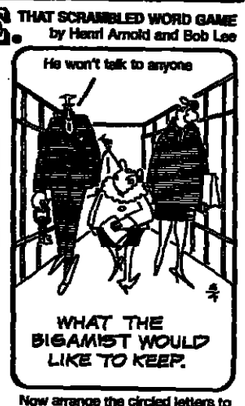
*Unscramble these four Jumbles, one letter to each square, to form four ordinary words.*

TALNS

MANUH

INLOVI

FLUWOE




Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

*Answer here:* " " (Answers Monday)

Friday's Jumbles: MESSY COACH BUREAU MISERY
Answer: What the bridge on the violin enables the player to get—HIS MUSIC "ACROSS"

# WEATHER

| EUROPE | HIGH C | HIGH F | LOW C | LOW F | |
|---|---|---|---|---|---|
| Algarve | 28 | 82 | 20 | 68 | fr |
| Amsterdam | 24 | 75 | 9 | 48 | cl |
| Athens | 35 | 95 | 25 | 77 | fr |
| Barcelona | 29 | 84 | 18 | 64 | fr |
| Belgrade | 32 | 90 | 18 | 64 | fr |
| Berlin | 33 | 91 | 19 | 66 | fr |
| Brussels | 29 | 84 | 11 | 52 | fr |
| Bucharest | 34 | 93 | 18 | 64 | fr |
| Budapest | 31 | 88 | 19 | 66 | cl |
| Copenhagen | 23 | 73 | 11 | 52 | fr |
| Costa Del Sol | 29 | 84 | 21 | 70 | fr |
| Dublin | 16 | 61 | 8 | 46 | o |
| Edinburgh | 17 | 63 | 10 | 50 | o |
| Florence | 35 | 95 | 21 | 70 | fr |
| Frankfurt | 36 | 97 | 18 | 64 | fr |
| Geneva | 33 | 91 | 17 | 63 | fr |
| Helsinki | 23 | 73 | 9 | 48 | s |
| Istanbul | 31 | 88 | 21 | 70 | fr |
| Las Palmas | 25 | 77 | 20 | 68 | fr |
| Lisbon | 21 | 70 | 19 | 66 | cl |
| London | 15 | 59 | 12 | 54 | r |
| Madrid | 34 | 93 | 19 | 66 | cl |
| Milan | 32 | 90 | 21 | 70 | fr |
| Moscow | 22 | 72 | 14 | 57 | fr |
| Munich | 33 | 91 | 15 | 59 | fr |
| Nice | 32 | 90 | 24 | 75 | fr |
| Oslo | 21 | 70 | 14 | 57 | cl |
| Paris | 32 | 90 | 16 | 61 | fr |
| Prague | 32 | 90 | 15 | 59 | fr |
| Reykjavik | — | — | — | — | — |
| Rome | 33 | 91 | 20 | 68 | fr |
| Stockholm | 22 | 72 | 15 | 59 | cl |
| Strasbourg | 35 | 95 | 16 | 61 | fr |
| Venice | 33 | 91 | 22 | 72 | fr |
| Vienna | 34 | 93 | 19 | 66 | fr |
| Warsaw | 27 | 81 | 14 | 57 | cl |
| Zurich | 31 | 88 | 17 | 63 | fr |

| MIDDLE EAST | | | | | |
|---|---|---|---|---|---|
| Ankara | 28 | 82 | 14 | 57 | fr |
| Beirut | — | — | — | — | — |
| Damascus | 31 | 100 | 17 | 61 | fr |
| Jerusalem | 30 | 86 | 17 | 63 | fr |
| Tel Aviv | 32 | 90 | 21 | 70 | fr |

| OCEANIA | | | | | |
|---|---|---|---|---|---|
| Auckland | 13 | 55 | 6 | 43 | cl |
| Sydney | 21 | 68 | 8 | 46 | fr |

| ASIA | HIGH C | HIGH F | LOW C | LOW F | |
|---|---|---|---|---|---|
| Bangkok | 33 | 91 | 25 | 77 | cl |
| Beijing | 31 | 88 | 22 | 72 | c |
| Hong Kong | 33 | 91 | 28 | 82 | c |
| Manila | 31 | 88 | 23 | 73 | sw |
| New Delhi | 34 | 93 | 27 | 81 | t |
| Seoul | 33 | 91 | 24 | 75 | cl |
| Shanghai | 32 | 90 | 24 | 75 | cl |
| Singapore | 31 | 88 | 24 | 75 | c |
| Tehran | 31 | 88 | 24 | 75 | c |
| Tokyo | 30 | 86 | 22 | 72 | c |

| AFRICA | | | | | |
|---|---|---|---|---|---|
| Algiers | 37 | 99 | 23 | 73 | fr |
| Cairo | — | — | 27 | 81 | — |
| Cape Town | — | — | 11 | 52 | — |
| Casablanca | 24 | 75 | 20 | 68 | s |
| Harare | — | — | 6 | 43 | — |
| Lagos | 28 | 77 | 27 | 79 | c |
| Nairobi | — | — | 14 | 57 | — |
| Tunis | 40 | 104 | 22 | 73 | fr |

| LATIN AMERICA | | | | | |
|---|---|---|---|---|---|
| Buenos Aires | — | — | — | — | — |
| Caracas | 27 | 81 | 19 | 66 | fr |
| Lima | — | — | — | — | — |
| Mexico City | 27 | 81 | 10 | 50 | fr |
| Rio de Janeiro | — | — | — | — | — |

| NORTH AMERICA | | | | | |
|---|---|---|---|---|---|
| Anchorage | 19 | 66 | 11 | 52 | pc |
| Atlanta | 34 | 93 | 22 | 72 | pc |
| Boston | 27 | 81 | 20 | 68 | s |
| Chicago | 24 | 75 | 12 | 54 | fr |
| Denver | 29 | 84 | 15 | 59 | pc |
| Detroit | 25 | 77 | 14 | 57 | pc |
| Honolulu | 32 | 90 | 24 | 75 | fr |
| Houston | 36 | 97 | 23 | 73 | fr |
| Los Angeles | 32 | 90 | 17 | 63 | fr |
| Miami | 33 | 91 | 27 | 81 | fr |
| Minneapolis | 26 | 79 | 12 | 54 | fr |
| Montreal | 21 | 70 | 14 | 57 | cl |
| Nassau | 31 | 88 | 25 | 77 | fr |
| New York | 29 | 84 | 22 | 72 | s |
| San Francisco | 21 | 70 | 13 | 55 | pc |
| Seattle | 26 | 79 | 16 | 61 | fr |
| Toronto | 27 | 81 | 19 | 66 | r |
| Washington | 31 | 88 | 21 | 70 | pc |

cl-cloudy; fo-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sw-snow; st-stormy.

MONDAY'S FORECAST — CHANNEL: Slight to moderate. FRANKFURT: Cloudy, Temp. 28—19 (82—66). LONDON: Cloudy with showers, Temp. 22—17 (68—63). MADRID: Cloudy, Temp. 30—18 (86—64). NEW YORK: Partly cloudy, Temp. 29—21 (84—70). PARIS: Partly cloudy with showers, Temp. 23—18 (73—64). ROME: Fair, Temp. 32—18 (90—64). TEL AVIV: N.A. ZURICH: Cloudy, Temp. 26—18 (79—64). BANGKOK: Thunderstorms, Temp. 33—26 (91—79). HONG KONG: Cloudy, Temp. 32—27 (90—81). MANILA: Thunderstorms, Temp. 30—25 (86—77). SEOUL: Thunderstorms, Temp. 32—24 (90—75). SINGAPORE: Fair, Temp. 31—24 (88—75). TOKYO: Showers, Temp. 29—23 (84—73).

# SPORTS

Dennis Cook/The Associated Press

## A Gift From the Winner

During a visit to the White House on Friday, Greg LeMond gave Ronald Reagan a souvenir from the recent Tour de France bicycle race. The first American ever to win the 2,500-mile grind, LeMond called the presidential congratulations "my highest award yet," and added: "I'm happy that I'm finally getting some recognition for what I do. It's nice."

# *NCAA Rules May Bar Scholarship Holders*

By Michael Goodwin
*New York Times Service*

NEW YORK — More than 200 U.S. high school football and basketball players scheduled to receive athletic scholarships to college this year have failed to meet new minimum academic standards and thus are ineligible to compete, according to a New York Times survey of Division I colleges and universities.

About one out of every 20 athletes selected for scholarships in each of those two sports, including some of the most sought-after high school players in the country, failed to meet the standards. The total could climb much higher, with other would-be college athletes in a kind of limbo because, the survey found, their colleges have yet to receive proof that the athletes have met the requirements.

The new standards, approved by the National Collegiate Athletic Association in 1983 but not effective until now, require athletes to attain a minimum grade average in a core curriculum of high school courses and to meet minimum test scores on either of the national aptitude tests to be eligible for competition.

The survey, which dealt only with male football and basketball players, found that nearly all of those who are ineligible had a sufficient grade point average but did not score high enough on either the American College Test or the Scholastic Aptitude Test. Such athletes may receive scholarships, although they cannot compete in their freshman year.

"I'm not surprised," David Cawood, assistant executive director of the NCAA, said of the findings. "I think it indicates that we're all attempting to strengthen the academic requirements. In the long run, it's going to help our educational system because we're going to have more students enrolled in colleges that are prepared to be there."

Interviews with college officials showed that the schools and the athletes were choosing from among a wide variety of options when an athlete is ineligible. Some of the athletes will not be attending college, in part because the colleges, as required, have withdrawn scholarship offers from athletes who failed to get the minimum grade point average. Some athletes will pay their own way the first year. Some plan to attend a junior college for one or two years. Some of those who had sufficient grades, and thus are eligible for scholarships, will accept their offers and, by sitting out their freshman seasons, be eligible for three years of competition instead of four.

The list of the ineligible players includes Rumeal Robinson and Terry Mills, two of the nation's top basketball players, both of whom were scheduled to go to the University of Michigan. Syracuse University lost both a football and basketball player and Notre Dame lost one of its top football recruits, Paul Glonck, and top basketball prospects, Keith Robinson.

"It's a very difficult time for people right now, and for some a disappointing time," said Kari Mooney, the academic coordinator for the athletic department at Arizona State University, which lost two of its 24 football recruits to the new regulations. "But I think we'll see a better quality of student-athlete."

Edward Carroll, the athletic director at California State University at Fullerton, termed the new requirements "unfair." He said his school, though it was still awaiting some test results, might lose as many as seven of its 28 freshman basketball and football recruits.

"We can't compete with the Stanfords and the others, so we've tended to recruit the marginal student who is the good athlete," Carroll said. "We feel we're providing a service for them because they're better off here than if they didn't go to college."

The Times survey was conducted by telephone interviews with the athletic departments at 276 of the 286 NCAA institutions competing in Division I for either football or basketball; 10 would not discuss the subject of academic eligibility for freshman athletes at all.

The survey was conducted from July 10 through July 31. It found 205 athletes — 153 football players and 52 basketball players — reported as ineligible.

The total was derived from answers to questions asking how many freshman athletes actually on scholarship in each sport were ineligible, and how many scholarship offers were withdrawn because of eligibility problems.

The NCAA's new academic regulations were adopted in response to frequent reports that many athletes were students in name only, having gone to college to participate in sports with hopes of winning a professional contract. Aiding the push for the standards were instances of players' emerging from four years at college without being able to read or write.

"I'm very much in favor of the new rule," said Frank Windegger, the athletic director at Texas Christian University, in reflecting a common view of officials from schools selected for more extensive interviews. "We've got a lot of ills to cure in intercollegiate athletics and this is one of the best and fastest ways to get it done."

Nonetheless, the regulations met opposition on several fronts, perhaps the strongest being from the heads of some of the predominantly black colleges. Citing statistics showing that blacks have traditionally scored far lower than whites on the national aptitude tests, they predicted that the test results were being misused as entrance examinations and warned that the standards would exclude large numbers of male black athletes from college.

## The Breakdown

Following are the new NCAA academic requirements for freshman eligibility for 1986:

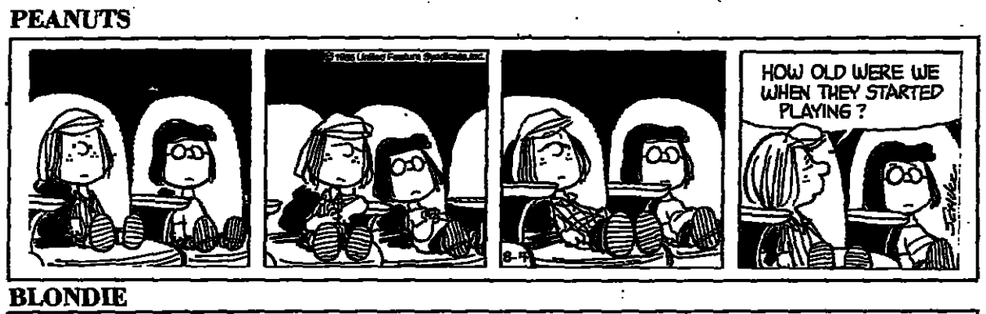
- Students must have completed a high school curriculum of 11 core courses with a minimum grade point average of 1.8 on a scale of 4.0. Those with an average of 1.8 to 1.9 must score a minimum of 740 on the SAT or 17 on the ACT.
- Those averaging from 1.9 to 1.99 need a test score of at least 720 or 16.
- Those averaging from 2.0 to 2.09 need a test score of at least 700 or 15.
- Those averaging from 2.10 to 2.19 need a test score of at least 680 or 14.
- Those averaging 2.2 or above need a test score of at least 660 or 13.

The requirements for 1987 eliminate the top and bottom categories.

The requirements for 1988 and thereafter eliminate the remaining top and bottom categories.

Thus, starting in 1988, freshmen student-athletes must have a grade point average of at least 2.0 and a test score of at least 700 or 15 to be eligible.

## PEANUTS




## BLONDIE

## BEETLE BAILEY

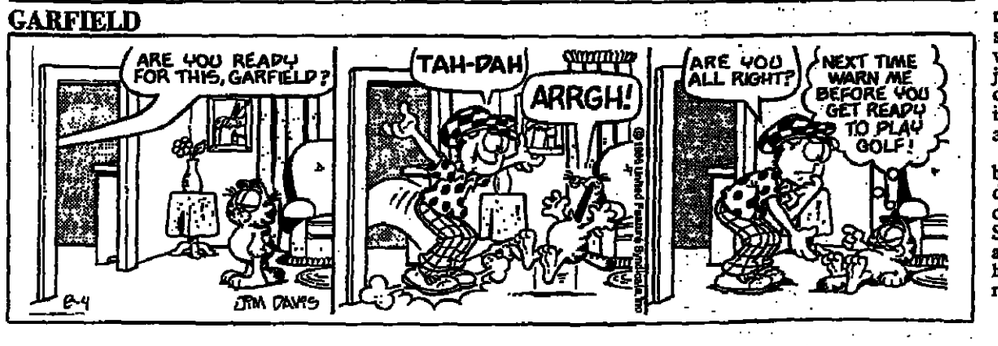
## ANDY CAPP

## WIZARD of ID




## REX MORGAN

## GARFIELD




# BOOKS

## WARTIME WRITINGS 1939-1944

*By Antoine de Saint-Exupéry. Translated from the French by Norah Purcell. 201 pages. $12.95. Harcourt Brace Jovanovich, 1250 Sixth Avenue, San Diego, Calif. 92101.*

Reviewed by Paul West

ONLY a few feet above the runway, he sees the ground lights vanish and knows there is something big right in front of him. Captain de Saint-Exupéry pushes forward on the stick. The plane nose-dives, its wheels hitting hard, then rebounds back into the air over a truck that is carrying, of all things, a spare floodlight. Tonight, though, the floods are out while the pilots of Group 233 practice night landings. The only lights are faint, to reveal the landing axis. Saint-Exupéry has saved his life, his co-pilot's and the truck driver's by doing something he learned when flying air mail before the war. It is Jan. 12, 1940. There are no stars.

A letter to an unidentified eyewitness follows, in which Saint-Exupéry chides himself for acting foolishly but explains, "I was very tense," and muses on the pastness of things past before getting back to his near-miss on landing. "Injustice," he writes, "is the irretrievable." It is the "gouging out of the eyes." It is also "the sight of the black truck 30 feet from me as I sped toward it at 110 miles an hour. And I 'should have' pulled the stick back in order to clear it. . . . I had not a hundredth of a second to think it over. The surest reflex had come into play. . . . For you, the plane was visible, since it was vaguely lit up. But for me, dazzled by the lights, all the rest was darkness. When I chose to hit the ground in order to bounce over it, I had the impression of burrowing into the earth up to my midriff before leaping over. I left a dip in the ground behind me, like a nest molded in my shape. But I didn't know what I had hatched in that nest. I didn't know what I should find in the rounded mold of my chest. And since those idiots took their time before switching on the floodlights again, I thought: There it is. . . . I've killed them all."

He still has not flown a single military mission. His fellow-officers think he is too old at 39. The author of "Night Flight" and "Wind, Sand and Stars," he has already won a couple of France's most prestigious literary prizes and, despite his inexperience at aerial warfare, ranks as one of the world's master pilots: a genius at survival in desert and over ocean; a brooding, metaphysically minded monk manqué, as apolitical as he is hypersensitive, as patriotic as he is compassionate. He hates the 20th century, not so much for its ingenuities as for its materialism, its conveyor-belts, its lack of pride in its agrarian, pastoral heritage. He is, all through his letters, touchy, acerbic, lyrical, lonely, a poet of the stratosphere who, long before the notion becomes fashionable, realizes that we all live on the same small planet with nowhere else to go.

Illness dogs him. An old injury to a bone near the optical nerve makes his eye flare up. Wood splinters from a 1923 crash have given him septicemia. Inexplicable fevers beset him. He goes off to the United States, where he fumes, and then he returns to Europe aboard a troop ship, talking incessantly to a Jungian psychiatrist. He takes a drink with a couple of bargemen. He eats fried fish and creamed chicken. Within the space of one year, he changes base 12 times. On Aug. 1, 1943, he has engine trouble, overshoots the field, and slightly scrapes a wing. He slips on some stairs and breaks his back. Flying over Annecy, he has mechanical trouble at the precise moment he turns 44, pursued by German fighters. Only the day after writing this to a friend, he goes up again, for "MAPPING EAST OF LYON," and does not come back. "Saint-Ex" dies on July 31, 1944, 11 days after Stauffenberg's futile bomb goes off in Hitler's East Prussian headquarters.

There are other Saint-Exupérys, however, one a swift shaper of indelible images. He notes "the pathetic nature of the plane," how vulnerable it is: something between contraption and greyhound. A man can explode at 35,000 feet but never "enter into another person." He loves wood fires and icy beds. Disliking too many creature comforts, he prefers his lodgings to evoke "that atmosphere of the bear hunt." In his frequent vein of manual voluptuousness, he insists that "the carpenter should plane his board as if it were essential to the earth's rotation." He deplores a generation with no spiritual values beyond "the bistro, mathematics, and the Bugatti" and yearns for the monastery of Solesmes. He considers weeping against a tree and writes in a petulant rage.

He seems almost to be cracking up in at least a tenth of his letters, but he always bucks up again, assigning himself a complex puzzle in math or changing his mind about high altitude — he likes it because it's uncluttered, he likes it because it's empty. Thinking of Vichy France, he decides that "an organism creates its own anal passage."

Sometimes in these writings he can be a bit of a bore, windily going on about de Gaulle (who always thwarted him) or the American view of the French view of America, or the French view of the American view of France, all of it dusty stuff not worth culling from wherever it moldered. I don't have the French to hand (some of it would be hard to find, even), but Norah Purcell's generally readable version sometimes gets out of tune: "How much heavy a train must be!," which is not English at all, or, especially in such a polemic as "An Open Letter to Frenchmen Everywhere," limp: "This blackmail ought to be despised." Under political and social pressure, Saint-Ex could get banal, but, when you are low over the runway with a truck in front of you, whom would you rather have in the left-hand seat?

*Paul West's most recent novel is "Rat Man of Paris." His memoir, "Words for a Deaf Daughter," has just been reissued. He wrote this review for the Washington Post.*

### Solution to Friday's Puzzle

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | M | A | D | A | M | A | | F | R | A | N | C | A | |
| P | O | L | Y | M | E | R | | E | A | R | N | I | N | G |
| A | R | T | E | M | I | S | | N | I | N | E | P | I | N |
| T | O | O | | O | R | L | A | N | D | O | | A | S | A |
| E | N | O | S | | S | O | L | E | S | | O | N | E | R |
| N | I | N | A | S | | N | O | L | | R | I | G | E | L |
| S | C | A | V | E | N | G | E | | M | E | L | O | D | Y |
| | | A | P | I | A | | B | L | E | W | | | | |
| W | A | G | G | O | N | | B | R | A | V | E | M | A | N |
| A | L | L | E | Y | | T | E | A | | E | L | A | T | E |
| I | B | I | S | | C | H | A | N | T | | L | U | T | E |
| L | I | S | | B | R | E | N | D | A | N | | R | I | O |
| E | N | T | E | R | E | D | | I | R | O | N | O | R | E |
| R | O | E | D | E | E | R | | S | T | O | R | I | E | D |
| | S | N | E | A | K | Y | | H | A | R | A | S | S | |

8/2/86

# BRIDGE

By Alan Truscott

ON the diagramed deal an imaginative partner carried South to six spades as shown. A jump raise with a void is a rare move but was justified here by the early bidding in which South had promised a spade suit of great length and strength.

The opening lead of the heart queen was won with dummy's king, and East's play of the ten hinted at a singleton. South planned the play on that assumption, aiming to discard his remaining heart before surrendering the lead.

He led to the club ace, cashed the spade ace and tried a diamond to the queen. This finesse was needed in any event, and it succeeded. He threw his heart six on the club king and re-entered his hand by ruffing a low heart with a high trump.

It was now time to continue trumps, and when West took the king, he was helpless. He tried the diamond king, to remove dummy's entry to the heart ace. This would have succeeded if East had held the diamond jack, but as it was, South was able to win with the ace, re-enter his hand with another ruff and draw trumps to make the slam.

NORTH
♠ —
♡ A K 8 5 2
♢ A Q 5 3
♣ K J 9 2

WEST
♠ K 4
♡ Q J 9 7 4
♢ K 10 4 2
♣ 6 4

EAST
♠ 7 6 3 2
♡ 10
♢ 9 8
♣ Q 10 8 7 3

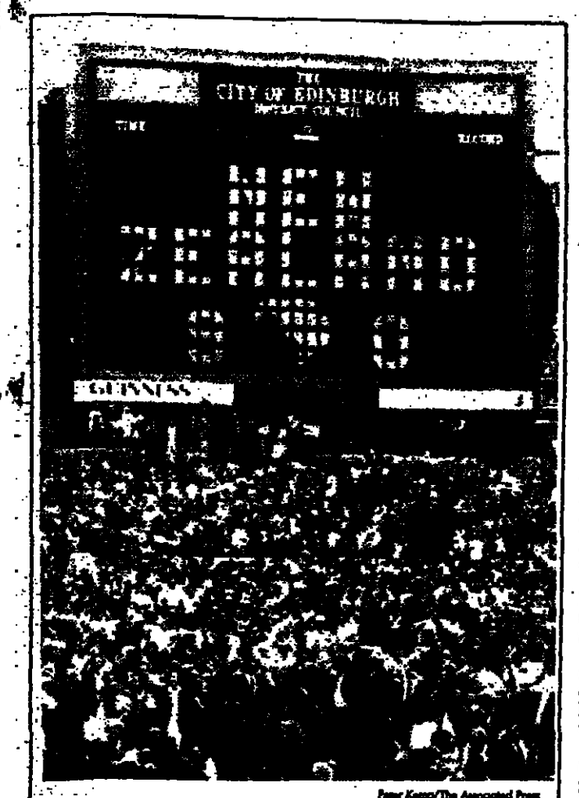
SOUTH (D)
♠ A Q J 10 9 8 5
♡ 6 3
♢ J 7 6
♣ A

Both sides were vulnerable. The bidding:

| South | West | North | East |
|---|---|---|---|
| 1 ♠ | Pass | 2 ♡ | Pass |
| 2 ♠ | Pass | 3 ♢ | Pass |
| 4 ♠ | Pass | 6 ♠ | Pass |
| Pass | Pass | | |

West led the heart queen.

# SPORTS



Peter Kemp/The Associated Press

**CLOSING ENCOUNTERS — Athletes and officials crowded the infield at Meadowbank Stadium in Edinburgh during Saturday's closing ceremonies of the 13th Commonwealth Games. The scoreboard reference is to the 1990 games, scheduled for Auckland, New Zealand.**

## Hungarians Racing Formula-1 Deadline

By George Jahn
*The Associated Press*

MOGYOROD, Hungary — In meadows and forests once the preserve of hares and other small game, exotic cars soon will zoom at high speeds over the asphalt of the Eastern bloc's first Formula One racetrack.

A battalion of heavy construction equipment is still transforming the countryside around the sleepy farming village of Mogyorod, 20 kilometers (12.37 miles) northeast of Budapest, into a racetrack called Hungaroring that will be the site of Sunday's Hungarian Grand Prix.

The first dirt was turned Oct. 15 for the four-kilometer track. Squads of workmen have been working overtime to finish by next weekend, when the world's best drivers inaugurate the newest grand prix venue.

The project weds nostalgia for the nation's racing past with its modern business acumen.

In 1906, Hungarian Ferenc Szisz drove a Renault to victory in the world's first Grand Prix, held near Le Mans in France. Motor sports remained popular in Hungary until the country turned communist after World War II.

And today, more than in any other Warsaw Pact country, Hungary's government encourages private enterprise. It places profitability first, even for state enterprises.

Such pragmatism includes a flourishing bond market and a law allowing deficit-ridden state companies to declare bankruptcy; it has given Hungary an economic profile not found elsewhere in the Soviet bloc.

Hungaroring "is indeed a commercial venture, and I think the timing was right for Hungary to accept this new proposition," said Erika Laszlo, the race's spokeswoman.

"The new economic reform has opened doors and minds. . . . And the Hungarian economy is market-oriented," she said.

Czechoslovakia was also planning a grand prix circuit, and race officials here said that dictated a need for haste. "The Czechs are very jealous," said one official, who requested anonymity. "They had been hoping very much that they would get a grand prix."

Starting capital, the biggest hurdle for the Hungarian track, was cleared a year ago, when five state-controlled enterprises and organizations got the go-ahead to bankroll the project.

**The track "is indeed a commercial venture, and I think the timing was right for Hungary to accept this new proposition,' said the race's spokeswoman. 'The new economic reform has opened doors and minds. . . . And the Hungarian economy is market-oriented.'**

"They reckoned about 240 million forints (about $12 million) in expenditures," said Laszlo. "The five companies put up . . . more than half, and the rest came from a loan from the state development bank."

It soon became clear, however, that the estimate was off the mark. Laszlo said 320 million forints already have been spent, and "special things" — including roads and a modern telephone exchange for the Mogyorod area — cost another 100 million. The higher price tag was paid by the original five backers, plus six additional firms.

Despite the ballooning costs, officials are confident the project will turn a profit by 1992.

Laszlo said that besides the profits from the grand prix and its spinoffs, the investors expect revenues from lesser races and from auto companies' testing their products.

Other hurdles that had to be overcome were selecting a site within Hungary, and limiting environmental damage.

Bernie Ecclestone, the British head of the Formula One Constructors' Association, which promotes the race, originally wanted the track to run through Budapest's Nepliget Park, Laszlo said. "He wanted another sort of city race like Monaco and Adelaide," she said, "but then the enviromentalists said 'No way.'"

Some of Hungary's state-condoned enviroment groups questioned whether a Formula One circuit should be built at all. "They said it's too noisy and the fumes and everything," Laszlo said. "But if you look at at the Trabants and Wartburgs, they are much worse."

East German-built Wartburgs and Trabants are two-cylinder cars that are popular here, despite their noisy motors and pollution-laden exhaust.

Wildlife lovers objecting to plans to kill the hares and other small game that populate the area around Mogyorod were appeased after organizers agreed to chase the animals away instead.

Fears of opposition from area residents also proved unfounded, according to Karoly Szerencses, the track's construction supervisor and a Mogyorod resident.

"Tempers did rise for a while about the whole thing between Mogyorod and Kerepestarcsa," the neighboring village, he said. "Both villages laid claim to Hungaroring, but officials decided it was ours because we're closer."

Reuters

**Heavy equipment is still smoothing out the wrinkles at the four-kilometer Hungaroring, site of Sunday's Hungarian Grand Prix.**

## *Royal Hit Parade Ends in Another Loss for Red Sox*

*Compiled by Our Staff From Dispatches*

BOSTON — The Kansas City Royals staged a Fenway Park hit parade in Saturday's seventh inning by scoring 11 runs, with George Brett and Steve Balboni leading the procession.

Brett hit an RBI double and two-run single and Balboni a three-run home run during the inning, and the Royals went on to drub the Red Sox, 13-2, and hand them their 9th loss in 12 games.

"That's about as bizarre as they come," Brett said after the first 12 Royal batters — one short of the American League record — reached base in the seventh.

The 11 runs tied a team record and Kansas City's 11 hits that inning set a team mark. Brett, Angel Salazar and Mike Kingery each had two, while the team finished with 17, of which Kingery got four.

"I don't remember ever seeing everybody hit the ball like that," Balboni said.

Boston's Tom Seaver took a four-hit shutout and a 2-0 lead into the seventh. But Kingery led off with a triple, Jim Sundberg walked and Salazar singled, scoring Kingery. Bob Stanley relieved and Lonnie Smith greeted him with a bunt single, loading the bases. Pinch-hitter Jamie Quirk singled in two runs; then Brett doubled in one and Jorge Orta was walked intentionally, filling the bases.

Frank White doubled in two runs and Balboni homered off Tim Lollar. Then the Royals reloaded the bases on singles by Kingery, Sundberg and Salazar before Sammy Stewart replaced Lollar and struck out Smith and Darryl Motley. But Brett delivered a two-run single.

**Indians 6, Yankees 5:** In Cleveland, Cory Snyder singled in Joe Carter from second with one out in the 10th to beat New York after Dickie Noles escaped a bases-loaded jam in the top of the inning by striking out pinch-hitter Juan Espino.

**Orioles 5, Blue Jays 2:** In Toronto, Cal Ripken's three-run home run in the sixth gave Baltimore its victory. Winner Scott McGregor allowed four hits over six innings, while Don Aase worked two hitless innings for his major league-leading 28th save.

**White Sox 5, Tigers 3:** In Chicago, Darryl Boston and Harold Baines each drove in two runs against Detroit. Floyd Bannister pitched his second straight complete game, striking out eight and walking one, while Jack Morris saw his five-game winning streak come to an end.

**Twins 8, A's 0:** In Bloomington, Minnesota, Mike Smithson pitched a two-hitter against Oakland and Tom Brunansky hit a two-run homer. Smithson went the distance for the seventh time this season, walking seven and striking out eight.

**Brewers 9, Rangers 8:** In Milwaukee, Paul Molitor's eighth-inning RBI single ended Texas's four-game winning streak.

**Mariners 7, Angels 3:** In Seattle, Ken Phelps and Jim Presley both hit three-run home runs to halt California.

**Phillies 12, Cubs 2:** In the National League, in Philadelphia, Juan Samuel and Gary Redus led an 18-hit attack with three extra-base hits each against Chicago. Samuel had a triple, two doubles and a single, driving in four runs; Redus had two triples and a double and scored three times.

**Dodgers 7, Reds 1:** In Los Angeles, Enos Cabell hit a grand slam during a six-run eighth and Alejandro Pena and Tom Niedenfuer held Cincinnati to one hit. It was the Dodgers' sixth straight victory and the Reds' fifth straight loss.

**Giants 7, Braves 5:** In San Francisco, Dan Gladden broke a 4-4 tie with a run-scoring single in a three-run seventh that handed Atlanta its fourth straight loss and 18th in its last 23 games.

**Cardinals 7, Pirates 3:** In Pittsburgh, Terry Pendleton had a run-scoring single, a double and a triple in five at-bats, and Ozzie Smith had three singles and three RBIs for St. Louis.

**Mets 4, Expos 1:** In New York, Gary Carter drove in three runs while Rick Aguilera and Jesse Orosco held Montreal to four hits. The victory gave the Mets a 17½-game lead over Montreal in the Eastern Division, the largest first-place margin in the league since Cincinnati finished 20 games in front in the West at the end of the 1975 season.

**Astros 5, Padres 4:** In San Diego, Dave Lopes and Jose Cruz homered and as Houston scored all five of its runs in the first. Mike Scott struck out 11 in seven innings to raise his major-league leading total to 208. *(AP, UPI)*

### SATURDAY BASEBALL

**Indians 4, Yankees 3; Yankees 5, Indians 3:** In Cleveland, Phil Niekro won his 308th game in the majors by holding New York hitless with 2⅓ innings of relief in the opener. Don Mattingly won the second game with a two-run homer in the ninth before a crowd of 65,934, the largest ever to watch a twinight doubleheader. The previous high, of 62,355, was set by the same two teams in Cleveland on July 15, 1947.

**Rangers 7, Brewers 2; Rangers 8, Brewers 6:** In Milwaukee, Steve Buechele drove in five runs with a home run and a triple in the opener, and Texas won the nightcap on Pete Incaviglia's first-inning grand slam and Pete O'Brien's three-run homer.

**Red Sox 5, Royals 3:** In Boston, Jim Rice twice hit two-out run-scoring singles, and teammate Tony Armas hit his first home run since July 6 to help the Red Sox down Kansas City.

**Orioles 7, Blue Jays 3:** In Toronto, rookies Jim Traber and Tom Dodd each homered and drove in two runs for Baltimore. Juan Beniquez went 3-for-4 with two RBIs.

**Angels 3, Mariners 2:** In Seattle, Don Sutton won his 305th game lifetime and, with Donnie Moore, held the Mariners to seven hits.

**Tigers 5, White Sox 4:** In Chicago, Lou Whitaker homered for Detroit on the game's first pitch and later singled in a run. *(UPI, AP)*

## SPORTS BRIEFS

### Joyner Sets World Heptathlon Record

HOUSTON (LAT) — Jackie Joyner set a world heptathlon record of 7,161 points at the U.S. Olympic Festival here Saturday, less than a month after breaking the heptathlon record at the Goodwill Games in Moscow. She also became the first heptathlete to score more than 3,000 points during the second day of competition.

Joyner, 24, won all seven events in the two-day competition, with two world bests and five personal bests. She came into the closing 800-meter race eight points ahead of her world-record pace and knew she had to run at least 2:10.55 to break the record. When she finished in 2:09.69, she had broken the mark she set in Moscow by 13 points.

"I was afraid of going into oxygen debt and again I had to tell myself, 'Use your arms, don't look up at the people. . . . Just run hard and keep looking down,'" she said. "When I heard the crowd, I got my third wind and I was flying."

### Penalties Urged in Italian Soccer

MILAN (Combined Dispatches) — An Italian soccer league investigation into the alleged "fixing" last season of six First Division and 26 Second Division matches ended Friday with a five-day hearing recommending that several clubs, officials and players be penalized.

Corrado De Biasi, head of the league's inquiry office, said it had been recommended that 19 players and team officials be banned for five years. Although none of the officials or players are well known outside Italy, they included such club presidents or former presidents as Lamberto Mazza of Udinese, Spartaco Ghini of Perugia and Dario Maraschin of Lanerossi Vicenza.

It also was recommended that 30 officials and players be sanctioned for failing to report bribery attempts, and that Udinese and Lanerossi Vicenza be demoted to the Second Division. The league still must rule on the penalties.

Elsewhere on Friday, Azelio Vicini was appointed manager of the Italian national soccer team. He replaced Enzo Bearzot, who managed Italy to the World Cup title in Spain four years ago and to a second-round elimination in Mexico this June. Bearzot was named supervisor and coordinator of the national teams. *(UPI, AP)*

### Couples, Frost Lead U.S. Golf Tourney

OAK BROOK, Illinois (UPI) — Fred Couples and David Frost shared the lead Saturday after three rounds of the Western Open golf tournament at Butler National.

Couples shot one-over-par 73 for a 54-hole total of 211 while Frost, a South African, carded 71. Tom Byrum (72), George Burns (71) and Bobby Wadkins (74) were tied for third at 212.

On Friday, Couples shot 68 to tie for the lead with Wadkins (a 69), while Frost moved into contention with a 66 that included six birdies, one on a putt of 25 feet (7.6 meters) and two of 15 feet. British Open champion Greg Norman barely made the cut with a one-over-par 145.

### Japan Philanthropist May Aid Games

EDINBURGH, Scotland (UPI) — Japanese philanthropist Ryoichi Sasakawa flew to Scotland on Friday to help save the 13th Commonwealth Games from financial disaster.

The games chairman, Robert Maxwell, said the loss is expected to reach $3 million. He said that "we will see what figure we require after everybody else has done their bit," adding that "I would expect us to get a favorable response" from Sasakawa, 87, a former politician who is the chairman of numerous companies and has contributed money to several sporting endeavors, including the Los Angeles Olympics two years ago and the World Games in London last year.

Maxwell has said that he expects money, and will bill the British government and the governments of the 32 nations who boycotted the games.

### For the Record

Ulf Thoresen of Norway, a four-time world driving champion, guided Nuclear Kosmos to a straight-heats victory Saturday in the 61st Hambletonian at the Meadowlands in East Rutherford, New Jersey. Nuclear Kosmos wrapped up the middle jewel of trotting's Triple Crown by edging Royal Prestige by a neck in the second heat. *(AP)*

Lady's Secret, the favorite, streaked to a 4½-length victory over Ends Well on Saturday at Saratoga Springs, New York, to become the first filly since Gallorette in 1948 to win the Whitney Handicap. Ridden by Pat Day, the 4-year-old daughter of Secretariat-Great Lady M led wire-to-wire in the 59th running of the race for 3-year-olds and up. *(AP)*

Gary Hershorn/Reuters-United Press International

**After a first-inning strikeout Saturday with two runners aboard, Jesse Barfield gritted his teeth and looked skyward before flipping away his bat and helmet in disgust. Barfield later hit his major league-leading 27th home run of the year, but Baltimore still beat Toronto, 5-2.**

## Pirates' Rhoden Adds 5-Hit Shutout Of Cardinals to His Trading Resumé

*Compiled by Our Staff From Dispatches*

PITTSBURGH — Rick Rhoden, who doesn't want to pitch for the Pittsburgh Pirates, added a shutout to his resumé Friday night.

He held the St. Louis Cardinals to five singles, struck out two and did not walk a batter as the Pirates won, 4-0. Rhoden (11-6) was backed by three double plays and faced only two batters over the limit in getting his sixth complete game this season. He threw only 91 pitches.

"That's the best I've ever seen him," said Cardinal shortstop Ozzie Smith, who was hitless in four at-bats. "He kept his breaking ball down, his change down and his fastball in or away. He was in command."

Rhoden has asked the Pirates to trade him and they have said they will try to oblige. "Just because things haven't worked out doesn't mean I'm not going to give my best," he said.

**Mets 3, Expos 1:** In New York, Ray Knight drove in the winning run to give Dwight Gooden his first victory since July 4. Gooden struck out seven men — six of them in a row. Montreal catcher Mike Fitzgerald was hit on the right hand trying to block a pitch in the fifth inning and could be lost for the season, said Manager Buck Rodgers. The Expos immediately called up catcher Dann Bilardello from the minors.

**Astros 6, Padres 3:** In San Diego,

### FRIDAY BASEBALL

Kevin Bass's two-run homer during a three-run first helped Bob Knepper win his fourth straight decision.

**Dodgers 9, Reds 5:** In Los Angeles, Greg Brock hit a first-inning grand-slam home run that spurred the Dodgers past Cincinnati. The winners' Pedro Guerrero played in his game after four months on the disabled list with a knee injury. He pinch hit in the seventh and flied out.

**Giants 3, Braves 1:** In San Francisco, Joel Youngblood drove in a pair of runs to help Vida Blue win his major-league 207th game.

**Phillies 4, Cubs 3:** In Philadelphia, Jeff Stone's one-out, 11th-inning homer beat Chicago. The shot came off reliever Frank DiPino, who had struck out the side in the 10th and Gary Redus to open the 11th before Stone came to bat.

**Twins 10, A's 1:** In the American League, in Bloomington, Minnesota, Bert Blyleven struck out 15, held Oakland to two hits and became the 10th pitcher in major-league history to surpass 3,000 strikeouts. Kirby Puckett supplied the offense by hitting for the cycle.

Blyleven began the year with 2,875 strikeouts, and has added 132. He joined Nolan Ryan, Steve Carlton, Tom Seaver, Gaylord Perry, Walter Johnson, Don Sutton, Phil Niekro, Ferguson Jenkins and Bob Gibson at the 3,000 plateau.

## SCOREBOARD

### Baseball

### Friday's and Saturday's Major League Line Scores

**FRIDAY'S RESULTS**
**AMERICAN LEAGUE**

| | | | |
|---|---|---|---|
| California | 000 300 000—3 | 6 | 0 |
| Seattle | 000 002 000—2 | 7 | 0 |

Sutton, Moore (8) and Boone; Langston and S.Bradley. W—Sutton, 10-7. L—Langston, 9-8. Sv—Moore (13). HRs—California, DeCinces (13), Hendrick (9).

**First Game**

| | | | |
|---|---|---|---|
| New York | 120 000 000—3 | 8 | 1 |
| Cleveland | 120 001 00x—4 | 9 | 0 |

Guidry, Fisher (8) and Skinner, Espino (8); Oelkers, Niekro (4), Camacho (9) and Allanson, Banda (6). W—Niekro, 8-7. L—Guidry, 5-9. Sv—Camacho (14). HR—Cleveland, Carter (17).

**Second Game**

| | | | |
|---|---|---|---|
| New York | 020 010 002—5 | 10 | 1 |
| Cleveland | 000 210 000—3 | 8 | 2 |

J.Niekro, Fisher (5), Righetti (9) and Espino; Candiotti, Wills (9) and Banda. W—Fisher, 5-5. L—Candiotti, 10-8. Sv—Righetti (24). HRs—New York, Easler (9), Mattingly (20).

| | | | |
|---|---|---|---|
| Oakland | 000 000 010—1 | 2 | 1 |
| Minnesota | 100 230 12x—10 | 16 | 1 |

Young, Atherfields (5) and Tettleton; Blyleven and Laudner. W—Blyleven, 10-10. L—Young, 7-7. HRs—Oakland, Griffin (3), Minnesota, Gaetti (22), Brunansky (19), Puckett (22).

**First Game**

| | | | |
|---|---|---|---|
| Texas | 030 101 101—7 | 13 | 2 |
| Milwaukee | 020 000 000—2 | 8 | 0 |

Witt, Mahorcic (7) and Slaught; Leary, Wegman (5) and Cerone. W—Witt, 6-9. L—Leary, 7-17. HRs—Texas, Buechele (14), O'Brien (13).

**Second Game**

| | | | |
|---|---|---|---|
| Texas | 440 000 000—8 | 15 | 0 |
| Milwaukee | 011 102 000—4 | 7 | 1 |

Correa, R.Wright (6), Russell (6) and Petralli; Gibson, Clutterbuck (2), Clear (8) and Moore. W—Correa, 7-9. L—Gibson, 1-2. Sv—Russell (1). HRs—Texas, Incaviglia (18), O'Brien (14).

| | | | |
|---|---|---|---|
| Baltimore | 020 005 000—7 | 12 | 0 |
| Toronto | 000 100 200—3 | 8 | 0 |

Dixon, Bordi (8) and Dempsey; Key, Eichhorn (6), Lamp (7), Caudill (8), Clarke (9) and Whitt. W—Dixon, 10-8. L—Key, 9-7. HRs—Baltimore, Dodd (1), Traber (4). Toronto, Bell (24).

| | | | |
|---|---|---|---|
| Kansas City | 000 300 000—3 | 9 | 1 |
| Boston | 102 011 00x—5 | 9 | 0 |

Jackson, Farr (6) and Sundberg; Hurst, Schiraldi (7), Sambito (9) and Gedman. W—Hurst, 6-5. L—Jackson, 6-7. Sv—Sambito (10). HRs—Kansas City, McRae (5), Balboni (21), Sundberg (6). Boston, Armas (5).

| | | | |
|---|---|---|---|
| Detroit | 220 100 000—5 | 9 | 0 |
| Chicago | 000 004 000—4 | 8 | 0 |

Terrell, Hernandez (8) and Lowry; Dotson, Nelson (2), Seaman (5), James (8) and Fisk. W—Terrell, 10-8. L—Dotson, 7-12. Sv—Hernandez (20). HRs—Detroit, Whitaker (13). Chicago, Walker (13), Hairston (7).

**NATIONAL LEAGUE**

| | | | |
|---|---|---|---|
| St. Louis | 000 000 000—0 | 5 | 0 |
| Pittsburgh | 103 000 00x—4 | 7 | 0 |

Mathews, Burris (6) and LaValliere; Rhoden and Pena. W—Rhoden, 11-6. L—Mathews, 6-3. HR—Pittsburgh, Morrison (13).

| | | | |
|---|---|---|---|
| Chicago | 100 010 001 00—3 | 5 | 1 |
| Philadelphia | 000 020 010 01—4 | 5 | 1 |

Lynch, Guimpert (8), DiPino (10) and Davis; Corman, Bedrosian (9), Teicuive (11) and Russell. W—Teicuive, 4-1. L—DiPino, 1-5. HRs—Chicago, Dunston (12), Davis (14). Philadelphia, Schmidt (23), Wilson (11), Stone (4).

| | | | |
|---|---|---|---|
| Montreal | 100 000 000—1 | 5 | 0 |
| New York | 110 200 00x—4 | 6 | 0 |

Youmans, Burke (6), D.Martinez (8) and Fitzgerald, Nieto (5); Gooden, McDowell (6) and Carter. W—Gooden, 11-4. L—Youmans, 10-7. Sv—McDowell (11).

| | | | |
|---|---|---|---|
| Houston | 300 010 110—6 | 13 | 0 |
| San Diego | 000 000 120—3 | 7 | 1 |

Knepper, Kerfeld (7), Smith (9) and Ashby; Hoyt, LaPoint (7), McCullers (8), Walter (9) and Kennedy. W—Knepper, 14-7. L—Hoyt, 5-7. Sv—Smith (20). HR—Houston, Bass (15).

| | | | |
|---|---|---|---|
| Cincinnati | 002 001 002—5 | 10 | 1 |
| Los Angeles | 220 000 00x—9 | 9 | 2 |

Soto, Power (2), Terry (5), Willis (7) and Diaz; Honeycutt, Vande Berg (8), Howell (9) and Scioscia, Trevino (9). W—Honeycutt, 7-4. L—Soto, 3-9. Sv—Howell (10). HRs—Cincinnati, Davis (16). Los Angeles, Brock (10).

| | | | |
|---|---|---|---|
| Atlanta | 000 000 100—1 | 7 | 1 |
| San Francisco | 101 000 10x—3 | 11 | 2 |

Mahler, Garber (7) and Virgil, Benedict (8); Blue, Berenguer (7), Garrelts (8) and Brenly. W—Blue, 8-6. L—Mahler, 10-11. Sv—Garrelts (2). HR—Atlanta, Griffey (6).

**SATURDAY'S RESULTS**
**AMERICAN LEAGUE**

| | | | |
|---|---|---|---|
| Baltimore | 100 003 100—5 | 6 | 0 |
| Toronto | 100 001 000—2 | 5 | 1 |

McGregor, Bordi (7), Aase (8) and Dempsey; Clancy, Eichhorn (7) and Martinez, Whitt (8). W—McGregor, 8-10. L—Clancy, 12-6. Sv—Aase (28). HRs—Baltimore, Rinken (17). Toronto, Barfield (27).

| | | | |
|---|---|---|---|
| Kansas City | 000 000 (11)30—13 | 17 | 0 |
| Boston | 000 011 0 00—2 | 7 | 2 |

Gubicza, Black and Sundberg; Seaver, Stanley (7), Lollar (7), Stewart (7), Sambito (9) and Gedman, Sullivan (9). W—Gubicza, 5-5. L—Seaver, 4-10. HR—Kansas City, Balboni (22).

| | | | |
|---|---|---|---|
| New York | 111 000 101 0—5 | 13 | 1 |
| Cleveland | 001 110 200 1—6 | 9 | 0 |

Shirley, Stoddard (4), Righetti (9) and Skinner, Espino (10); Schrom, Ballas (8), Camacho (8), Noles (10) and Allanson. W—Noles, 3-2. L—Righetti, 7-5. HRs—New York, Pasqiarello 2 (25), Cleveland, Snyder (10), Carter (18).

| | | | |
|---|---|---|---|
| Detroit | 300 000 000—3 | 7 | 1 |
| Chicago | 101 110 10x—5 | 7 | 0 |

Morris, Thurmond (7) and Lowry; Bannister and Fisk. W—Bannister, 6-8. L—Morris, 12-7. HR—Chicago, Baines (14).

| | | | |
|---|---|---|---|
| Oakland | 000 000 000—0 | 2 | 1 |
| Minnesota | 220 100 00x—5 | 12 | 0 |

Andujar, Leiper (2), Moneyham (5), Bair (7), Howell (8) and Tettleton, Willard (7); Smithson and Sakata, Reed (9). W—Smithson, 9-9. L—Andujar, 6-4. HR—Minnesota, Brunansky (20).

| | | | |
|---|---|---|---|
| Texas | 220 200 110—6 | 16 | 2 |
| Milwaukee | 034 001 01x—9 | 9 | 0 |

Hough, Mohorcic (5), Williams (7), Harris (9) and Slaught; Nieves, Johnson (3), Plesac (6), Clear (9) and Cerone. W—Plesac, 6-6. L—Williams, 7-3. Sv—Clear (8). HRs—Milwaukee, Braggs (1), Deer (20). Texas, Harrah (3).

| | | | |
|---|---|---|---|
| California | 000 201 000—3 | 4 | 1 |
| Seattle | 013 030 00x—7 | 8 | 0 |

McCaskill, Lucas (5), Finley (6), Corbett (7) and Boone, Harron (6); Moore, Huismann (4), Young (8) and S.Bradley. W—Huismann, 3-3. L—McCaskill, 12-7. HRs—California, Schofield (9), Seattle, Davis (13), Phelps (17), Presley (20).

**NATIONAL LEAGUE**

| | | | |
|---|---|---|---|
| Cincinnati | 000 001 000—1 | 1 | 2 |
| Los Angeles | 010 000 02x—3 | 6 | 2 |

Browning, Robinson (8), Franco (8) and Diaz; Pena, Niedenfuer (8) and Trevino, Scioscia (8). W—Niedenfuer, 6-4. L—Robinson, 8-3. HRs—Cincinnati, Milner (10). Los Angeles, Cabell (1).

| | | | |
|---|---|---|---|
| Chicago | 000 110 000—2 | 5 | 2 |
| Philadelphia | 205 122 00x—12 | 18 | 1 |

Sanderson, Pastornol (3), Frazier (5), Trout (7) and Davis; K.Gross and Russell. W—K.Gross, 7-8. L—Sanderson, 5-8. HR—Chicago, Matthews (13).

| | | | |
|---|---|---|---|
| Atlanta | 000 202 010—5 | 8 | 1 |
| San Francisco | 000 400 30x—7 | 11 | 0 |

Alexander, Dedmon (7) and Benedict; LaCoss, Williams (6), Robinson (8), Berenguer (9) and Brenly, W—Williams, 2-0. L—Alexander, 1-4. Sv—Berenguer (4).

| | | | |
|---|---|---|---|
| St. Louis | 100 020 004—7 | 9 | 1 |
| Pittsburgh | 010 100 001—3 | 11 | 4 |

Tudor, Soff (9), Horton (9) and Heath; McWilliams, Jones (7), Robinson (8), Guante (9) and Pena. W—Tudor, 10-5. L—McWilliams, 2-7. HRs—Pittsburgh, Diaz 2 (6).

| | | | |
|---|---|---|---|
| Montreal | 000 000 010—1 | 4 | 1 |
| New York | 100 020 10x—4 | 8 | 0 |

Sebra, McGaffigan (6), Tomlin (8) and Nieto; Aguilera, Orosco (8) and Carter. W—Aguilera, 5-3. L—Sebra, 1-2. Sv—Orosco (15).

| | | | |
|---|---|---|---|
| Houston | 500 000 000—5 | 4 | 1 |
| San Diego | 100 010 012—4 | 10 | 0 |

Scott, Lopez (8), Smith (9) and Ashby; Show, McCullers (1), Lefferts (8) and Kennedy. W—Scott, 11-7. L—Show, 7-5. Sv—Smith (21). HRs—Houston, Lopes (7), Cruz (3).

### Major League Standings

**AMERICAN LEAGUE**

| East Division | W | L | Pct. | GB |
|---|---|---|---|---|
| Boston | 60 | 42 | .588 | — |
| Baltimore | 57 | 46 | .553 | 3½ |
| New York | 57 | 46 | .553 | 4½ |
| Cleveland | 56 | 48 | .538 | 5½ |
| Detroit | 55 | 49 | .529 | 6 |
| Toronto | 55 | 50 | .524 | 6½ |
| Milwaukee | 50 | 52 | .490 | 10 |
| **West Division** | | | | |
| California | 56 | 47 | .544 | — |
| Texas | 54 | 51 | .514 | 3 |
| Kansas City | 47 | 57 | .452 | 9½ |
| Chicago | 45 | 57 | .441 | 10½ |
| Minnesota | 45 | 58 | .437 | 11 |
| Seattle | 46 | 59 | .438 | 11 |
| Oakland | 44 | 62 | .415 | 13½ |

**NATIONAL LEAGUE**

| East Division | W | L | Pct. | GB |
|---|---|---|---|---|
| New York | 68 | 32 | .680 | — |
| Montreal | 50 | 49 | .505 | 17½ |
| Philadelphia | 51 | 50 | .505 | 17½ |
| St. Louis | 47 | 54 | .465 | 21½ |
| Chicago | 44 | 56 | .440 | 24 |
| Pittsburgh | 41 | 58 | .414 | 26½ |
| **West Division** | | | | |
| Houston | 59 | 45 | .567 | — |
| San Francisco | 55 | 49 | .529 | 4 |
| Los Angeles | 51 | 52 | .495 | 7½ |
| San Diego | 50 | 53 | .485 | 8½ |
| Cincinnati | 47 | 54 | .465 | 10½ |
| Atlanta | 46 | 57 | .447 | 12½ |

Charlie Samuel/The Associated Press

**The Dallas Cowboys' Tony Dorsett is hit so hard Sunday by William (The Refrigerator) Perry that he fumbles in the National Football League exhibition game in London. Perry also scored a touchdown as the Chicago Bears won, 17-6.**

### Tennis

### Men's Tournaments

(At Washington)
Quarterfinals
Jimmy Arias (5), U.S., def. Martin Jaite (3), Argentina, 3-6, 7-6 (7-3), 6-3.
Karel Novacek, Czechoslovakia, def. Kent Carlsson (6), Sweden, 6-4, 6-3.
Andres Gomez (1), Ecuador, def. Aaron Krickstein (9), U.S., 6-4, 6-1.
Thierry Tulasne (2), France, def. Johan Carlsson, Sweden, 6-1, 6-3.

Semifinals
Novacek def. Gomez, 7-6 (7-4), 1-6, 6-4.
Tulasne def. Arias, 7-5, 6-0.

DUTCH OPEN
(At Hilversum, Netherlands)
Semifinals
Jakob Hlasek, Switzerland, def. Emilio Sanchez, Spain, 6-4, 7-6.
Thomas Muster, Austria, def. Manno Oosting, Netherlands, 6-0, 6-1.

Final
Muster def. Hlasek, 6-1, 6-3, 6-2.

### Athletics

### Commonwealth Games

FINAL MEDALS TABLE

| | G | S | B | Tot |
|---|---|---|---|---|
| England | 52 | 42 | 49 | 143 |
| Australia | 51 | 46 | 22 | 119 |
| Canada | 51 | 34 | 30 | 115 |
| New Zealand | 8 | 16 | 14 | 38 |
| Scotland | 3 | 12 | 18 | 33 |
| Wales | 4 | 5 | 12 | 20 |
| North Ireland | 2 | 4 | 9 | 15 |
| Guernsey | 0 | 2 | 0 | 2 |
| Hong Kong | 0 | 0 | 2 | 2 |
| Malawi | 0 | 0 | 2 | 2 |
| Isle of Man | 1 | 0 | 0 | 2 |
| Jersey | 0 | 0 | 1 | 1 |
| Singapore | 0 | 0 | 1 | 1 |
| Swaziland | 0 | 1 | 0 | 1 |

### Football

### CFL Standings

| Eastern Division | W | L | T | PF | PA | Pts |
|---|---|---|---|---|---|---|
| Toronto | 4 | 2 | 0 | 134 | 122 | 8 |
| Ottawa | 2 | 3 | 0 | 120 | 122 | 4 |
| Hamilton | 1 | 4 | 0 | 92 | 111 | 2 |
| Montreal | 1 | 4 | 0 | 109 | 105 | 2 |
| **Western Division** | | | | | | |
| Brit Colmb | 5 | 1 | 0 | 145 | 128 | 10 |
| Edmonton | 4 | 1 | 0 | 142 | 126 | 8 |
| Winnipeg | 3 | 2 | 0 | 145 | 86 | 6 |
| Saskatchwn | 2 | 3 | 0 | 85 | 142 | 4 |
| Calgary | 2 | 4 | 0 | 119 | 127 | 4 |

FRIDAY'S RESULTS
Winnipeg 37, Montreal 18
Toronto 35, Edmonton 34

# Sayuri Yoshinaga, a 'Flower of Old Japan' in Films

By Christine Chapman

TOKYO — "Basically I try to be as natural as I can," said Sayuri Yoshinaga, one of Japan's most popular film actresses and winner of the 1985 Japan Academy Award for Best Actress.

Yoshinaga, 41, is famed for portraying Japan's conception of the ideal woman, loyal, submissive, yet strong, whom all men admire and many women pretend to emulate. She is, in Sayuri Yoshinaga's description, a *Yamato nadeshiko*, a flower of old Japan.

"There is a part of me that is gentle and traditional, like *Yamato nadeshiko*, and also a more modern part. I respect the Japanese woman who perseveres, and I play many of those roles. There's a nostalgia for this type," she added, explaining her immense following, and fans known as *Sayuristos*.

A *Sayuristo* is usually a middle-aged man who has followed Yoshinaga's career since she was a teen-aged ingenue in films such as the 1962 "A Town With a Cupola," in which she played a junior high school student growing up poor, or a young girl in love in the 1964 film "The Sound of Waves."

In 1985, she was still pleasing her fans as a hot springs *geisha* in "The Diary of Yumechiyo," for which she was nominated for this year's Best Actress award. Yumechiyo, the middle-aged proprietress of a teahouse in a small town spa, worries more about other people than herself although she is suffering from leukemia because of her mother's exposure to the 1945 atomic bomb blast at Hiroshima.

A *Sayuristo* is devoted to Yoshinaga because she represents familiarity and purity, said Masami Iwasaki, a 48-year-old engineer.

As Marilyn Monroe symbolized the American male's fantasy love affair with a sexy blonde, so Sayuri Yoshinaga represents ideal sexuality, Japanese-style — a shy openness covered by reticence and kimono. Like Monroe, Yoshinaga manipulates a child-like gaze into an adult come-on. Unlike Monroe, she tantalized by showing only a bit of leg. Marilyn was the eternal girlfriend, Sayuri is the perfect wife, gracious and much beloved.

In Japan, where fate usually outwits men, "Sayuri Yoshinaga plays the Japanese wife-mother who must be very reserved, not outspoken, submissive to her husband, but with strength inside to deal with a crisis," said Lona Sato, a young woman fan.

"My roles are my children."

"Men always want to be like little boys who have dreams," Sato said. "If something goes wrong, and it usually does, the Sayuri character is there to help them out. She's the ideal human being, that doesn't exist."

In 1985, Yoshinaga won the Japan Academy's best actress award for her roles in the films "Ohan" and "Heaven Station." In both she played a mistreated wife whose husband abandons or beats her. In "Ohan," the husband lives with a mistress for seven years before returning to his wife. Later he returns to his demanding girlfriend with his wife's approval. In "Heaven Station," the wife accepts the abuse of a crippled husband until she takes a lover and finally poisons the husband. He was cruel and impotent, her lover is a lout like Ohan's feckless husband, but she accepts her fate, which is finally death by hanging, with equanimity.

"I have no children so my roles are my children," Yoshinaga said during an interview in the studios of NHK, Japan's national broadcasting network. After returning from location in Europe, she is now filming interior scenes for a television series based on the life of Countess Mitsu Aoyama Coudenhove Kalergi, the Japanese woman who married the Austro-Hungarian Count Kalergi in 1895. "Mitsuko," as the show will be titled, is identified by NHK as "the first Japanese woman to be legally married to a European."

"The *geisha* Yumechiyo is one of my favorites," Yoshinaga said of the role she performed in another NHK series. "In constant pain, she's still gentle and kind."

The part of Yukiko in "The Makioka Sisters" is also a favorite.

Yoshinaga may be best known outside Japan for her characterization of the unmarried third daughter of the wealthy, pre-war, Makioka family in the film is based on Junichiro Tanizaki's 1957 novel "Sasame Yuki," translated by Edward Seidensticker as "The Makioka Sisters." The movie has appeared through the world with English subtitles.

Yoshinaga plays the woman whose family is trying to find her a husband. Yukiko is determined not to be foisted off onto unworthy candidates.

Directed by Kon Ichikawa, "The Makioka Sisters" won several awards at the 1983 Venice and Taipei Asia-Pacific film festivals.

"Yukiko has a poison inside her. Intellectually, she has the power to lead men astray, something I don't have, so I'm very attracted to the role," the actress said, smiling.

That friendly, trusting smile is a famous Sayurism along with her girlish laugh, questioning eyes, slightly-parted lips, and a natural restraint. A very controlled woman, she is modest about her success, intelligent about her limitations, and, unfettered by kimono, youthfully attractive.

Yoshinaga is almost disparaging about her skill, suggesting that her fame comes from the kinds of roles she plays rather than her talent. No longer a member of a movie company, she is an independent actress who also is her own business manager. She says she appreciates two types of directors: those who let her act freely, and the perfectionist like Kon Ichikawa, "who gives out detailed instructions about making my lips quiver or my body shake a little."

In the fall Yoshinaga will make her 99th movie, with Ichikawa, in a film called "Joyu," or "Actress," in which she will play Kinuyo Tanaka, a 20th-century star who died in 1977 at age 67. Her career, like Yoshinaga's, ranged from ingenues to mothers to prostitutes.

"In 'Joyu,' I'll age from 16 to 42," she said. "I really like acting, but I don't know how much longer I can continue. As the years go on, I may do roles that correspond to my age if I like the role, and if I'm able to play it."

Born in 1945, Yoshinaga began acting when she was 11 in a radio drama, soon followed by a television play, then a *samurai* movie. With her parents' encouragement, she acted in movies during high school, but the 1962 "Town With a Cupola." is known as her debut film. She also became a popular teen-aged singer.

Yoshinaga identified with Jun, the girl she played in "Town" because "I had to work also to obtain higher education." As the outstanding young actress in Japan during her 20s, she was "very, very busy. I had no time to enjoy my youth. I was only living it vicariously in films, until I went to university."

From 1965 to 1969, she attended evening classes at Waseda University, earning a degree in European history. She continued to make two or three movies a year, and in 1980 she was nominated for a Japan Academy Award for Best Actress for the film "Upheaval."

In a country which thrives on gossip about its celebrities, Sayuri Yoshinaga has maintained her "pure" appeal. The only buzz occurred in 1973, when she married Tado Okada, a television drama director several years her senior. Her fans disliked the idea of a May-December romance, but the Okadas have been married for 16 years.

It was in 1979, that her characters evolved from the ingenue to the persevering, traditional woman roles that are her specialty. Early this year, in a film called "Killing Time by the Shores of a Mysterious Sea," Yoshinaga tried to create "The New Japanese Woman," as one film critic called it. He was caustic about her portrayal of a soapland masseuse, a euphemism for a Turkish bath girl. "Forty-one is uncommonly late for an image change of these proportions."

Yoshinaga explained, however, "The Japanese woman is changing. She wouldn't wait seven years for her husband to return as Ohan did, but the audience looks at me through those roles and they were confused. They couldn't relate to me."

*Christine Chapman is a Tokyo-based journalist who specializes in the arts.*

## LANGUAGE

# Ciao, Tovarish; Hello, Grazhdanin

By Serge Schmemann
*New York Times Service*

ONE of the more curious problems spawned by the Russian Revolution is how to address a stranger. *Tovarish* (comrade) would seem the logical choice, followed perhaps by *grazhdanin* (citizen), the classic revolutionary salutation. Yet, over the decades, both words have gathered overtones that now render them ill-suited for hailing a total stranger.

*Tovarish*, of course, reigns as the mandatory form of address in the Communist world. Comrade Gorbachev addresses the comrade delegates at the Party Congress, soldiers salute their comrade lieutenant, and so on. But for everyday use, the title has become somewhat too ceremonious, a bit heavy when all you want is to ask for a light.

"Citizen" has accumulated baggage of a different kind. "Only criminals use it," one woman was quoted in a newspaper as saying. "Any time they show a convict on television, he's always saying, 'Citizen Investigator —' "

What to do? The widespread solution has been to hail someone by his most elemental attributes: *Muzhchina!* (man) or *Zhenshchina!* (woman). Oh, the young might be coddled as *molodoi chelovek* (young man) or *devushka* (miss), and the elderly could get an affectionate *ded* (grandpa) or *babushka* (grandma).

But for those of us in between, it's: "*Muzhchina* do you have an extra ticket?" However, *muzhchina* and *zhenshchina* come across far more clinically than their English counterparts, bordering on "male" and "female." There is none of the respect of "sir," or the familiarity of "buddy" or "Hey, man," not even the rudeness of "Hey, you."

A man named Makarov described how it feels to be so tagged. "When someone addresses me as '*muzhchina*,' " he wrote in the weekly Nedelya, "I don't feel like . . . a man of the world, or a model of moral rectitude. I feel, if you'll excuse me, simply as a sample of a certain sex."

Makarov had a similarly off-color reaction on hearing *zhenshchina*. "The associations that arise, totally unsolicited, are largely of the physiological, clinical sort. Don't think I am depraved or bigoted. A language has its own moral laws, and according to them a totally neutral word might be full of poetry and meaning in one context, and intolerably tactless and wanton in another."

*Like many* older Russians, Makarov was miffed at the fate of "comrade": "No skeptic can convince me that the word '*tovarish*' — universally . . . adopted by the entire country not only as a form of address, but as the norm of a new relationship among men — that this truly proud word is only suitable for selective use."

Under the norm of the old relationship (when *muzhchina* was used as a form of address mostly by women of easy virtue), there were courtesy titles aplenty, including *barin* (master), *sudar* (sir), *gospodin* (Mr.), *gospozha* (Mrs.). But after the revolution such deferential titles became bad form. *Gospodin* and *gospozha* have survived in addressing capitalists. Throughout their Geneva meeting, Mikhail S. Gorbachev addressed Ronald Reagan as "*Gospodin* President," and the president, who as a capitalist is not entitled to use "comrade," would have been right to say, "*Gospodin Generalnyi Sekretar*."

The English word "mister," by contrast, has picked up a hint of sarcasm when applied by a Russian, perhaps from Samuil Marshak's celebrated ditty about a caricature capitalist: "Mister Twister, former minister, Mister Twister, millionaire . . ."

ARTICLES frequently appear in the Soviet press inveighing *against the contamination* of Russian by foreign words. Sometimes the complainer will be a linguistic purist, struggling to preserve what he will inevitably describe as the *language of* Pushkin, Lermontov, Tolstoy and Chekhov. Or he might be an ideological purist, more concerned about the impact of Western words on young Soviet minds.

*The volume of imported* words is indeed enormous, ranging from popular favorites such as *dzhinzy* (jeans) and *video* through the entire glossary of Communism and Politburo to *dissidenty*. A Soviet dictionary of foreign words commonly used in Russian has 19,000 entries, from *abazhur* (lampshade, from the French *abat-jour*) to *iachtsmen* (yachtsman).

Notwithstanding the resistance of the purists, Russian, with its rich array of prefixes and suffixes, is capable of absorbing foreign roots by the bushel. The same critic who invokes Lermontov's name may not know that it derives from Lairmont, a Scottish soldier of fortune who found his way to Russia.

In fact, some of the most colorful words *in Russian* derive their zing precisely from the fact that they come from abroad. Take *sharamyzhnik*. It implies someone who habitually cadges drinks from his buddies. The *delightful source* of the word is the French *cher ami*, Russian soldiers who chased Napoleon's armies back to France in 1812 apparently picked up the expression from Frenchmen looking for a smoke or a drink, and adapted it to their own use.

Russians like to claim that the *trade* was two-way, and that the French *bistro* came from the Russian *bystro* (quickly), the word shouted by the Russian occupiers at their French waiters.

In our time, English has become the main source of Soviet slang. To the dismay of ideologists and linguists alike, it is more tony to let drop *shuz* (for shoes) or *uikend* (for weekend). Among the most outrageous borrowings is *khailaifist*. It is literally "high-life-ist," and it refers to someone fully equipped with *dzhinzy*, *shuzy*, *diski* (records) and *videokasety*.

But if English has supplied a tag for the trendy upper classless, it has done the same for the lowest classless. The tramps of Siberia are known as *beech* (*beechi* in the plural). The word is commonly deciphered as initials standing for *byvshyi intelligentnyi chelovek* (former intelligent person), because many of the *beechi* are reputed to be runaways from broken white-collar homes or legal problems in European Russia, losing themselves in the relative obscurity and legal laxity of Siberia. In actual fact, the word derives from "beachcomber." The notion of a wanderer scouring the sands for a living was transferred to Siberia, the "-comber" was dropped, and the *beech* was born.

*New York Times Service*

*Serge Schmemann is chief of The New York Times bureau in Moscow. William Safire is on vacation.*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